

THE CITY OF CHELSEA STATE OF THE CITY: 2006

“Progress”



A report by
City Manager Jay Ash
to the
Chelsea City Council

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January 31, 2006



Jay Ash
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CITY OF CHELSEA

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January 31, 2006

Dear Honorable City Council:

It is my great pleasure to share with you the City's annual State of the City Report, entitled "*Progress.*" After ten years of awarding winning management of City government, the City has much in the way of evidence supporting my claim that great progress has been made in almost every area of community concern.

Arguably, a reason for the budgeting awards, burgeoning development, public safety recognition, senior center accreditation, property value increases and charter replication is that the process of managing government relies on professionalism over politics, planning over ignoring and collective achievement over individual gain. Your leadership in making those goals a reality cannot be over-appreciated. You set the standard, and from there your City staff performs admirably. Add in the contributions of many outstanding community based organizations and the individual work of a growing cadre of dedicated citizens, and it becomes clearer why the City's revitalization produces the admiration that it has.

Budget challenges notwithstanding, this past year was another excellent one, with many important goals having been achieved. Maybe the biggest news was in the area of economic development, where the Home Depot groundbreaking has finally spurred the redevelopment of Parkway Plaza, the approval of a new Market Basket for the Mystic Mall holds out great promise for the future of that retail center, the state approval of the updated Everett Avenue Urban Renewal Plan provides the opportunity for a gleaming residential development to replace blighting industrial buildings and the investment by one of the world's largest company's, GE Capital, in two local properties places the city on the world map. The City's announced goal of getting 1,200 units of new housing on line by the end of FY'08 got off to a rousing start with at least a half a dozen significant projects meeting important pre-construction milestones and one project, the transformation of Forbes Industrial Park, actually beginning construction.


As important as balancing budgets and producing economic development to help support those budgets may be, other significant accomplishments were enjoyed in the areas of public safety, community development and neighborhood enhancement. The 14-point plan on enhancing public safety was fully implemented in 2005, including an exciting provision to install 34 surveillance cameras around the community. Speaking of community, the groundbreaking of HarborCOV's 24-units of supportive housing for the survivors of domestic violence is something we can all point to with great pride. So, too, is the accomplishment of our Senior Center, becoming only one of seven in the state to earn national accreditation. In our neighborhoods, perhaps most exciting is the pending project to basically build a new neighborhood on Gerrish Avenue, now that several Chelsea Neighborhood Housing Services projects have been permitted.

You continue to press and we together continue to strive to make City government as open and responsive as possible. The start of our municipal benchmarking exercise, where we take an in-depth review of our expenditures and revenues by comparing them to a group of 20 similar communities, could be the most progressive effort ever undertaken locally to “open” City Hall to one and all.

Yes, there are still challenges and shortcomings. However, City government and its stakeholders continue to not only admit to those challenges but pledge to work together to overcome them. This upcoming year, we will again focus squarely on public safety and at risk youth by directing another round of Police Department enhancements. A collaborative effort will be made to design an after school program to reach even more local kids. The City’s war on odors will build upon the success in securing odor recovery equipment at Chelsea Terminal by focusing additional attention on Boston Hides and Furs. There are many more laudable goals that are seemingly achievable because the City now has a demonstrated record of accomplishment.

I would like to personally thank you for the opportunity to join with you and many in the community in promoting the work we do. I am excited about the progress we have already produced, and truly believe there is no limit to the accomplishments we can further enjoy by continuing to work together and remaining focused on one central goal, that being the advancement of our truly great community and its people.

Very truly yours,

A handwritten signature in cursive script that reads "Jay Ash". The signature is written in dark ink and is positioned above the printed name and title.

Jay Ash
City Manager



Progress

When there are clearly definable limits, progress is so much easier to measure. On a journey across country, for example, progress can be measured by miles traveled. At home, progress on painting a house can be measured one shingle at a time. Not every journey or project, though, has as clearly a definable beginning and end. So, when no end can be achieved, can one measure progress?

Such is the question entities like a city government face in trying to measure progress. Even in the business world, progress seems more measurable. Take Alkermes, for example. The Cambridge-based pharmaceutical company with a manufacturing center locally recently received federal approval to begin production of a new medication that fights alcoholism. That is progress; important progress alright. Moving a product from the development stage, through testing, approvals and, ultimately, production is progress the team at Alkermes can readily measure, and should rightly celebrate.

Locally, some question if the City is making progress. That is a fair question, because there is arguably no achievable end to that which any municipal government can reach. We all want safer streets, but it is unrealistic to expect that no crime will ever happen in a community, no matter how many police officers and how many surveillance cameras a municipality might employ. No one wants to pay more taxes, but could a community that became so inexpensive to live in provide the

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services necessary to make a community more livable? Hardly. So, in communities all across the country, progress must mean something other than coming to an end.

Sir Winston Churchill may have been considering the conundrum governments face when he offered the following:

“Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, ever-ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and glory of the climb.”

We in Chelsea City government will never get to the end of the journey, but we certainly have much to show for the climb. That no end exists does, however, test the mettle of policy makers and administrators alike, as it is only human to seek an end to any task undertaken. Yet, by recognizing, as Churchill did, that every action that contributes to progress carries an organization or, in the local case, a community further up from the valleys towards peaks that are so high that their tops cannot be seen, progress can in fact be measured. That measurement may not relate to how much of the climb lies ahead, but instead by how much ascension has already taken place.

Reflecting back on history, the City was once in the depths of a valley that no others had visited since the Great Depression. While many an official and perhaps even more residents may be tired of what sometimes appears to be an annual visit to the bad old days of yesteryear, the City has what few other communities can reflect upon, that being a beginning. Yes, Chelsea was founded in 1624, ahead of many other communities in Massachusetts. It has been generations, though, since a new community was formed here in Massachusetts, so none can vividly reflect back to a starting point the way that the City can, having hit “rock-bottom” with Receivership in 1991 and then emerging as a “new City” in 1995. The ability Chelseans and those who observe the City have to remember the substantial troubles that preceded the City’s darkest day, being placed into Receivership, does, in fact, help to put into perspective that which is happening and shaping the community today.

Among the masses, there are critics. For a majority of local government participants and each and every municipal observer who has chosen to weigh in, progress has and continues to be witnessed locally. Some say the City and the community are remarkable, in fact, in how far the two have come in such a short period of time. Yet, critics, as they are wont to do, decry that nothing has changed, or worse, that the City is not only failing to make progress but actually falling backwards into the morass of years gone past, doomed to be shamed yet again.

Local government is now entering its second decade under a City Charter that has promoted professionalism over politics, planning over ignoring and collective achievement over individual benefit. The stability in leadership in both the City’s elected and appointed posts has led to an undeniable record of success which, without any additional commentary, would lead a first time observer to conclude that the City is a model for others to emulate. No, that first time observer could not conclude that everything is right or perfect. But, as Churchill suggests, the failure to be perfect is not discouraging to those who proudly carry the mantle of leadership or otherwise support the march the community is collectively making towards even better days ahead.

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Is the City's financial situation the healthiest in the state? No. Are crime rates too high for the police to be able to claim complete victory? Yes. Can the city be cleaner? You bet. Are all the city's residents enjoying all the fruits our great country has to offer? Not by a long shot. Yet, despite all of these shortcomings, which, by the way, just about every municipality if questioned would have to acknowledge, there is significant achievement and great expectation that even more can and, as importantly, will be done. Progress on the City's agenda, and progress in the community, is abounding. More than just rhetoric, that progress is tangible and measurable.

Progress is a look back at the successes of last year and, yes, the challenges that lie ahead. However, a longer-term view will arguably frame the two-year perspective that this annual State of the City Report offers.

The City paused ever so briefly to mark the 10th anniversary of emerging from Receivership this past August. No events were held to note the passage of time. Yet, it is the passage of time and the great many events that have happened over the last decade that more boisterously speak to all that has happen locally since that August, 1995.

Rhetoric aside, ample evidence exists to support such a bold claim that City government has worked well this past decade, and the entire community, not just a politically connect few, has been the beneficiary. On the finance side, there is increased bond ratings, budgeting and auditing awards, and the maintenance of "rainy day funds." While local governments are still reeling from the worst municipal finance period since the Great Depression, the City has managed to navigate through the turbulent times and is regularly pointed to as a role model for efficient and effective municipal management. That is a far cry from the infamy suffered locally during a relatively mild recession that thrust the City into Receivership. As Springfield struggles with its own fiscal and political mess, and other communities have been placed on the brink of bankruptcy as a result of health insurance increases, local aid reductions and the fallout from bad economic times, local finances have remained relatively stable. Yes, there are budgetary pressures and tough decisions that have and will continue to be made. However, the feelings of an inescapable slide downwards and an inevitable collapse which existed in the late 1980's have been replaced with a sense of control and a realistic hope for even better days ahead.

For most residents, the tremendous leadership of the City Council and the relative strength of the City's finances are not matters they take notice of daily. Instead, a drive around the City and a gaze at all that has taken place since the City emerged from Receivership in 1995 provides the more visible indication that the City has indeed had a fruitful decade. New schools opened in 1996, the first to do so in eighty years! Other facilities for youth and their families, including the Roca Youth Center, the Jordan Boys & Girls Club and the CAPIC Head Start Center, give the community unparalleled resources. Two new parks have been added and every existing park has been upgraded, including the placement of the artificial turf at Chelsea Memorial Stadium. That project has been the envy of many other communities.

Streets, sidewalks and those unseen yet vital underground water, sewer and drain lines continue to be

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replaced. As recently as the mid-1990's, antiquated infrastructure, including wooden pipes, placed the City's entire utility system in jeopardy. The regular, routine replacement of infrastructure through a sound capital improvement program has worked here and been the basis for similar programming in other communities.

Perhaps most notably, Chelsea's skyline has changed. The Everett Avenue Urban Renewal District, announced in 1997, has transformed a once blighted industrial area and has been the springboard for more than \$100,000,000 of private investment since then. When once the City's economic development program had to beg and plead for attention, now, dozens of successful projects latter, the city has become such an appreciated locale that one of the *world's* largest companies has recently made an investment in the community. Parkway Plaza is under construction and the Mystic Mall will soon break ground, both for exciting mixed-use developments.

Values in local neighborhoods have skyrocketed. By one account, the appreciation of residential property locally has exceeded *all* other communities over a four-year period. That is a remarkable story when one remembers more that 100 vacant and boarded up units that existed in local neighborhoods in 1995. The burned-out YMHA and the Skeleton Building were both scourges of their neighborhoods for more than a decade and both examples of how the City's attention to problem properties has resulted in the elimination of buildings and businesses that dragged down neighborhoods. At the site of the Skeleton Building on Eden Street, for example, the three-story, steel-exposed reminder of the failed promises of previous rejuvenation efforts has been replaced by seven units of neighborhood appropriate housing and a terrific neighborhood park.

Is everything perfect? No, it is not. Skyrocketing values have placed pressures on affordability, urban issues are abounding and finances remain tight. Yet, for those who can remember the past and look critically at the present, the community's future seems as bright as any time in recent memory. That impression is a result of the outstanding leadership of a dedicated City Council, the continuing contributions of a terrific City staff, and the work that many in the community are doing to promote a single, pro-Chelsea agenda. The business community, community-based non-profits, civic organizations and individual residents have been welcomed to an open City government and are all part of what has made the City so successful over the past ten years. Collectively, those stakeholders are among the many reasons that those problems that still exist will be addressed; not shied away from as had been the City's inkling in years gone by. This is one of the reasons that the National Civic League selected the city to receive the prestigious "All-America City" designation in 1998.

A decade is a very short period, especially in the life of a community that was settled almost four hundred years ago. Progress, though, means not repeating the mistakes of the past while remaining committed to addressing local needs in a professional and methodical manner well into the future. Counter to the old axiom: "you can't teach an old dog new tricks," today's Chelsea has managed to find a new way to operate. With ten years of experience, if the City can continue to build on the rational debate and the resulting actions that have already produced award-winning results, there is no end to the success the City will enjoy.

Professional and methodical manners are now embedded into the administration of City government.

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Among the most important lessons learned is that the right way of doing things, replicated time and again, is the best way to produce far reaching and long lasting results. Perhaps most symbolic of that philosophy is the City's strict adherence to the "Fundamentals," a broad set of policy statements that guide most all of the City's thoughts and efforts. The Fundamentals bring focus to the City's core philosophies and promote a constant re-evaluation of the City's achievements and goals. Individually, the Fundamentals provide guidance in specific programmatic areas. Collectively, the Fundamentals provide an insight into the City's professional and methodical approach to progressing further towards a better community.

The Fundamentals include:

- Financial – steadily improving the City's financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government's flexibility to act on pressing needs while protecting against economic downturns that could threaten municipal service delivery and the viability of City government;
- Economic Development – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City's older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- Public Safety – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City's public safety agencies;
- Neighborhood Enhancement – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted, in some cases, for decades;
- Community Development – fully encouraging partnerships between City government and its stakeholders in the community's success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be municipally-run, but are all supportive of the City's desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training, and
- Governmental Philosophy – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in an honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a "pro-Chelsea" agenda.

Progress has been made easier and more direct because the Fundamentals and the manner in which they are carried out continue to be applied consistently and without fail. The City Administration has

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been successful in assuring the City Council that the stewardship of management is focused and well directed. In turn, the City Council has convinced the general public that the conduct of City business is responsive and beyond reproach. The general public, completing the circle, has stepped up, especially through community and neighborhood organizations, to be engaged in the discourse and, in many instances, to further the interest of the community at large. These relationships greatly advance the cause of progress.

Ten years of ascension has the City looking back with great joy. In particular, this report provides great insight into the past year of the journey, and the future the City envisions ahead, up an ever-improving path. As the goals from last year turn into accomplishments for the year past, *Progress* provides an opportunity to reflect upon the glory of the climb. Finance awards, the burgeoning economic development in Parkway Plaza and elsewhere, the installation of surveillance cameras, the pending creation of two new neighborhoods, the ongoing construction of domestic violence-survivor supportive housing and the organization of a youth conference are among many glorious steps the City and its charges have taken over the past twelve months. Those steps having been made, next year's climb to even greater heights of municipal achievement and community rejuvenation can be contemplated and reported as the following testament to progress, Chelsea-style.

FUNDAMENTALS – FINANCIAL

2005 Highlights

- Advocated for and participated in the public dialogue around a municipal finance report issued to detail the financial stress cities and towns are currently suffering in Massachusetts;
- Managed vendor and employee contracts to support reduced spending levels warranted by continuing concern about municipal budget difficulties;
- Addressed the impact of overtime on the municipal budget by negotiating City savings in public safety contracts and adopting other managerial controls, including implementing a spending cap specific to the Fire Department;
- Certified Free Growth at \$777,860, 4% above the FY'05 amount;
- Balanced the FY'05 Budget, the tenth straight balanced budget, and ended FY'05 with \$4.0 million in Free Cash;
- Remained on course with a three-year budget plan for FY'06-FY'08 to plot a strategy to overcome local aid reductions and non-discretionary spending increases while minimizing the impact on local services and avoiding a Proposition 2 ½ override;
- Conducted a "municipal tax burden" study which confirmed that the City's charges to local owner-occupants, on average, are substantially the lowest in the eight community study area;
- Earned an eighth consecutive Distinguished Budget Award and a seventh consecutive Comprehensive Annual Financial Reporting Achievement Award, making the City one of only five in the state to earn both honors;
- Maintained a bond rating of "A-" from Standard & Poor's;
- Received an audit report that, for the seventh time in a row, found no material weaknesses in the City's financial management processes;
- Secured a favorable State audit and closeout of the High School Addition project;

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- Aided Council in its adoption of the maximum commercial shift and residential exemption permitted by State law, saving the average single family owner occupant approximately \$1,191 in property taxes for the current tax year;
- Supported Council action that requests a home rule petition to allow for the City to increase the residential exemption on property taxes offered to owner-occupants to 30%, which will produce an average of \$200 or more annually for the average homeowner if fully implemented, and
- Began municipal benchmarking exercise to review City expenditures and revenues against those made by a comparison group of twenty communities with similar demographics.

Discussion

Passages like these might as well be “boilerplate.” After all, any description of municipal budgeting anywhere since FY’02 might very well sound like this: skyrocketing costs in non-discretionary spending and sluggish revenue growth, at best, are combining to further squeeze the local budget. What is different, though, is the response that each municipality may have in facing those all too grim realities. Here in Massachusetts, only one has succumbed and now has State involvement in its fiscal affairs. Many others, though, are only steps away from also entering a process that the City became all too familiar with a decade and a half ago. Having now been out of Receivership for a decade, the City remains focused on positioning itself to outlast the financial strains that are abounding. Solid financial planning, pointed spending restraint and the benefits of a visionary economic development strategy over the last 10 years has allowed the City to continue to balance budgets while hoping for better days ahead.

STATEWIDE DEBATE ON MUNICIPAL FINANCE

Perhaps better days will soon be upon the City and its neighbors. Towards that end, the City has been instrumental in raising the level of statewide debate on the current and future state of municipal finance. In fact, the City was among a handful that was instrumental in organizing a review of municipal finance. The Metropolitan Mayors Coalition, an organization of mayors and city managers representing Boston, Cambridge, Everett, Malden, Medford, Melrose, Revere, Somerville, Quincy and Chelsea, was successful in securing the leadership of John Hamill, Chairman of Sovereign Bank New England, to revisit the issue of municipal finance. The first “Hamill Report” issued some fifteen years earlier was an important period contribution to state public policy on municipal finance. Municipal officials across the state hope that its follow-up, entitled *Local Communities At Risk: Revisiting the Fiscal Partnership Between the Commonwealth and Cities and Towns*, is equally as influential.

“Hamill II” confirmed what the City has been reporting and seeking to introduce to state public policy debate:

“Massachusetts cities and towns are facing a long-term financial crunch caused by increasingly restricted and unpredictable local aid levels, constraints on ways to raise local revenue, and specific costs that are growing at rates far higher than the growth in municipal revenues. Although there were significant increases in public education funding during the 1990’s, general local aid has been

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stagnant for more than a decade and non-school expenditures have been flat. These long-term structural issues are already squeezing the finances of municipalities - both large urban communities and small rural towns – and Massachusetts has begun to see a decline in services across the Commonwealth. This situation has created a serious strain on municipal budgets that, without changes to state and local policies, will evolve to crisis proportions.”

Hamill II calls for state assistance to municipalities to be adequate and consistent, more options for localities to utilize non-property tax local revenues, and increasing control for municipalities to address spending, especially in the area of health care.

Following the release of Hamill II, the venerable Massachusetts Taxpayers Foundation, which participated in the Municipal Finance Task Force that prepared that report, released additional commentary in support of cities and towns. In its *Municipal Financial Data*, MTF painted a picture of continuing stress on local finances in FY’05. The report indicated that municipal stabilization reserves declined for the first time in a decade, excess taxing capacity under Proposition 2 ½ fell for the fourth year in a row, and local operating surpluses declined by 25% since 2002.

Furthermore: *“Despite additional (local) aid dollars in 2005, assistance to cities and towns remained at \$750 million, or 14 percent below 2002 after adjusting for inflation, with aid levels well below 2002 in almost every community in the Commonwealth.”*

To address what it called “the chronic squeeze on local finances,” MTF recommended that the State raise its contribution to municipalities to \$1 billion, and maintain funding at a level of 40% of its revenues from income, corporate and sales taxes.

The statewide dialogue recognizing the pressures municipalities continue to face is encouraging and confirms what City officials have consistently reported as the major threats locally to continuing fiscal stability. All encouragement aside, though, budgets need to be balanced today and plans need to be adopted for continued balanced budgets tomorrow. The City cannot and will not “wait and hope” for relief from the State, only to find that such relief is even further delayed or inadequate in its depths. Therefore, the City’s position is that until something more concrete comes from Beacon Hill, local actions are all that can be relied upon to maintain the fiscal integrity of the City’s budget.

OVERCOMING THE BUDGET BUSTERS

Certain “budget busters,” including those acknowledged in Hamill II, continue to apply local pressure in the present and threaten even more the future. Yes, most egregious of those budget busters is health insurance spending. For the current fiscal year, health insurance is up \$1.4 million, or 16.9%, over that budgeted in FY’05. If the spiral upwards was to continue, the City projects that a FY’10 deficit of \$5.5 million will be caused entirely by a health insurance premium increase that is projected to rise by \$6.0 million by then. Another view of the City’s current and projected structural deficits would be to look towards another employee benefit, retirement costs. Again, in examining FY’10, the City’s “catch-up” payment for the failures of mayoral administrations to adequately provide for future retirement benefits will be \$5,361,625. That is \$5.4 million that is being paid out

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to cover the sins of the past instead of today balancing budgets, providing for more services or making taxpayer relief possible. Combined, increases in the two accounts cost the City \$5.6 million this year. It is easy to see why health insurance and retirement costs are the bane of many municipal budgeters across the state.

Unfortunately, those budget busters are among the spending areas for which the City has the least control. Nonetheless, it is control, or, more accurately, stability, that the City continues to seek in even the most challenging accounts. Regarding other budget busters the City first identified in 2001, many communities find increasing debt service particularly burdensome, but the City's efforts to control debt are resulting in local debt service levels actually decreasing. Somewhat informally, the City is holding to a "debt service cap" that will guard against overburdening future budgets to pay for current spending. In some communities, contractual obligations are most problematic. Locally, though, both vendor and employee contracts have been managed with an eye towards their impacts on the City's fiscal health. Vendor contracts are regularly put out to bid, even when State law does not require them to be. Limiting collective bargaining increases to 2%, as the City has been successful in negotiating with its labor unions for FY'06-FY'08, means that wage increases will be manageable. On the latter point, the City's employees have stepped up during difficult financial times by accepting such contracts and an increasingly larger workload, all to ensure that the "face" of government never changes for those who come to view it. Municipal unions and the employees they represent need to be credited with recognizing the financial pressures the City faces and continuing to perform admirably by both representing their own interests while assuring that municipal services and programs continue to be offered to move the city forward

So, targeting health insurance and with the same approach that has been successfully implemented to provide some level of control over other, so-called, uncontrollable costs, the City needs to find a way to bring some sanity to the double-digit increases that have plagued public and private employers alike. Already, the City has successfully negotiated a reduction in premium costs with several bargaining units, from 90% to 85% municipal coverage in FY'08. That is one of seven initiatives the City is pursuing to manage health insurance.

The City continues to study the retirement payment impacts projected into the future, with an eye towards developing an alternative funding schedule. Current state law, for instance, requires systems to be fully funded by 2028. The push to be fully funded by 2028 is a laudable goal, but perhaps not at the expense of risking public safety or reducing educational opportunities in order to pay for costs that could easily and without much consequence be deferred farther into the future. Given the great impact of retirement costs, every minute spent on looking for better ways to accomplish the overall goals is time well spent.

Overall, each and every spending item remains under microscopic review. Overtime, for example, has created some problems in past budgets. Left unchecked, overtime has a way of spiraling out of control. However, utilized appropriately, overtime actually serves as a cost avoidance measure, allowing a municipality to target areas during peak demands, without needing to carry a position or positions during lesser demands and certainly without the overhead that health insurance, retirement benefits and the like require.

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The contract signed with the Police Patrolmen's Association reduces mandatory overtime costs by \$100,000. Overall, Police overtime has been reduced by more than 50% since FY'02. Part of that reduction relates to good management and responsible employees. For example, over that period of time, sick time is down 35%. However, another reason for overtime reductions relates to the City's financial stress. Plain and simple, the City cannot afford the overtime it once could. While fiscally responsive, though, such a reduction in police overtime is not necessarily good news. Overtime shifts provide more police to be out on the streets, which is certainly a competing goal for those wishing to enhance public safety. However, given the budget constraints facing the City since the adoption of the FY'01 budget, cuts have needed to be made. Now, the City strives to be more "operationally smart" about overtime, looking for opportunities when such an expenditure can have a substantial impact on the municipal public safety agenda. Such an example would be overtime supporting targeted special operations.

While on the subject of overtime, the City and Fire officials have been working to address the Fire Department's impact on the budget. As a result, a plan for FY'06 to fully staff 91 positions and cap overtime at \$525,000 has been effective in balancing staffing needs with the City's ability to pay. Under the City's plan, any pro-rated overages in overtime spending would need to be made up in the next plan cycle or result in a reduction in services in the following cycle. This policy implementation is meant to reduce Fire overtime that has averaged \$725,000 a year, each of the last three years. A contributing factor to elevated overtime expenditures has been a past policy decision to reduce the number of firefighters, but leave in place the same amount of shifts. In order to meet shift requirements and fully staff fire pieces in the past, more overtime shifts were authorized. To date, though, with the staffing and overtime levels in place, the Fire Department has been able to manage overtime and continue to provide without interruption the exceptional services for which it has earned a justifiably positive reputation. However, staffing levels can and will change should overtime spending exceed its \$525,000 cap.

It should also be noted that the City is working on additional overtime issues, including reviewing staffing levels and the impact on overtime in the E-911 operation.

Not all budget busters are spending driven. As MTF notes, local aid declines mean that communities that rely heavily on state revenues, typically older, urban communities, have revenue issues as well. Non-school local aid in the form of Lottery Aid and Additional Assistance to the City are down a combined 19%, or \$1.7 million from their highs. The total cumulative loss of that aid is more than \$5 million since FY'01. Hopefully, the City's advocacy and now the statewide attention to the plight of municipalities will result in greater levels of local aid in FY'07 and beyond. As previously noted, the City cannot wait and hope, though.

Last February, the City announced a plan to sure-up the local budget by prioritizing the development of 1,200 units of housing by the end of FY'08. From a purely financial perspective, economic development activities, including new housing starts, are an attempt to fill a portion of the gaps created by additional spending and reduced local aid levels with new growth of the local tax base. The City has been among the more aggressive and successful in the state on an economic

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development agenda that is not only expanding the local tax base but also changing the city's skyline. It is somewhat ironic that, in what has been the most difficult of municipal budgeting times, the City has produced an economic development agenda that may be unparalleled in the city's history.

New growth, and not relating to the 1,200-unit goal, came in at a healthy \$777,860 for FY'06. Again, though, to put in perspective the need to secure the revenues that would be generated from 1,200 units and maybe more, health insurance alone rose by \$1,408,000 this year. If achieved, the 1,200 units could generate \$2.5 million to \$3.5 million, and maybe more, in FY'09. Plain and simple, that revenue is critical to the plan of balancing future budgets.

OVERVIEW OF THE BUDGETS

FY'05 came and went in much the same fashion that budget years since FY'02 have occurred: the combination of spending increases dominated by non-discretionary accounts and still reduced local aid levels resulted in City officials tapping "rainy day" accounts to fill budget gaps. At year's end, a balanced budget was again achieved, but reserve funds again dwindled.

The issues impacting FY'06 are not dissimilar and are best characterized by a wishful look at the "ifs". If health insurance was not up nearly 17%, if retirement was not increasing by the 9% it is up, and if non-school local aid equaled FY'01 levels, the City would actually be generating an operating surplus. Of course, the reality is that health insurance and retirement are not only rising this year, but are projected to rise more in upcoming years. On the revenue side, non-school local aid, primarily Lottery Aid and Additional Assistance, has not yet reached its historic highs, let alone made up for lost ground due to inflation. After cuts and some modest revenue increases, the result for FY'06 was a shortfall of \$3,308,709 in the budget, all of which was then raised through the use of Free Cash. The FY'06 budget that the City is currently operating under remains in balance, with no major "surprises" lurking in the future, at least as it now appears.

In order to get to the \$102 million budget for FY'06, more than \$2 million was shaved off of departmental requests. In addition to health insurance and retirement, another significant increase in spending that the City exhibits little control is State assessments, up \$214,811, or 6.7%.

Regarding more discretionary areas, the Public Safety category is up \$1,014,685, or 7.1%. The Police budget is up \$510,705, or 8.1%, in large part as a result of retroactive wage and overtime cost increases due the Police Patrolmen's Association to settle a nearly three-year long contract negotiation. The Fire budget is up \$335,556, or 5.4%, as a result of three additional firefighters being hired and \$100,000 in more overtime money being provided. The firefighters being hired are expected to help reduce overall overtime costs of \$781,000 incurred in FY'05 to \$525,000 in FY'06. The Emergency Management budget increases \$40,560, or 6.2%, as the transition of E911 operators from the Police budget to Emergency Management more accurately requires a higher overtime level.

In terms of a percentage increase, the Community Schools budget is up 37%, or \$20,300, to provide an increase to \$50,000 for a summer jobs program for local youth in which the City is a collaborator.

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The MIS budget is up 35%, or \$109,749, and is reflective of the continuing increase in costs for technology and equipment replacement. The Assessing Department's 15.8%, or \$33,780, increase reflects a management decision to spread over three years what is typically a larger cost every third year for mandated revaluation reviews.

The good news on spending is that two significant accounts, debt service, down \$803,405, or 8.0%, and Northeast Vocational School assessment, down \$309,305, or 23.9%, are seeing substantial reductions. The Debt service decrease reflects the continuing reduction in repayments required on the new schools projects as well as the conscious efforts by City leaders to limit borrowing for future capital needs. The second straight year of enrollment reductions at Northeast Vocational has again resulted in the City's assessment being reduced, this time to the lowest it has been since FY'01.

On that revenue side, Additional Assistance remained level funded from FY'05, while Lottery Aid has increased 16%, or \$782,146. Certainly such an increase is welcome, however, as noted earlier, the two combined accounts are still \$1.7 million less than FY'01 highs. As a result of local aid reductions and the anticipated reduction in debt service transfers as the new schools payment schedule dictates, State contributions towards the City budget has dropped from 67% of all revenues in FY'00 to 59% in FY'06, more than 11%.

Looking forward, the City's very early projections indicate an initial deficit of \$3.6 million in the FY'07 budget. While reserves do exist to cover that entire operational deficit, the City has and will continue to rely upon a policy of using reserves only after spending cuts and revenue enhancements are factored into the actual budget to be offered for adoption. Those early projections, for example, do not take into account building fees to be generated by the portion of the 1,200-unit goal to begin construction in FY'07. That item alone could account for as much as \$1 million, thereby potentially reducing the projected deficit by almost a third. A pledge by many on the State level to "substantially" increase local aid payments, directly a result of Hamill II and the City's early leadership on the issue, also provides great promise. To the end, the Governor's House 1 Budget is expected to include \$197 more in aid to cities and towns, including approximately \$150 million more in Lottery Aid. Whether there are any corresponding offsets elsewhere in that budget, which has happened in the past, or whether the Legislature will accept or alter the Governor's plan, which happens frequently, is conjecture at this point. Thus, before municipalities can begin to plan on such an increase, a pronouncement from the Legislature sometime in February or March will be critical.

THREE-YEAR PERSPECTIVE GUIDES DAILY ACTIONS

The City Charter requires the presentation of a five-year financial forecast each year. While that exercise is regularly performed, the City has found it more helpful to focus on a three-year budget period for more intensive review. The reliance on a three-year, instead of five-year, perspective is that the uncertainties the City faces in major accounts like health insurance and local aid render the out-year predictions in years four and five nothing more than a guess, no matter how thoughtful the speculation might be. Instead, the City's experience is that projecting trends and taking actions today to address concerns or opportunities over a 36-month period are critical to maintaining fiscal stability and never being "surprised" by an approaching challenge coming over the horizon.

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In reviewing a three-year perspective, the City then works off of a three-year budget plan. The current three-year plan, FY'06-FY'08, has helped to direct policy regarding collective bargaining decisions, economic development priorities and the management of the City's reserves. The City's former City Manager was fond of describing government as an ocean liner that needed to plot the point of a turn a mile from that turn. While the City enjoys a certain level of flexibility in many decisions, sharp turns in direction that would be more characteristic of a speed boat would ultimately cause this ship of government to have too rocky a ride as it progresses forward. Thus, the longer term perspective.

A current look at the three-year budget plan indicates that the City has the time to wait for an aggressive building boom to kick-in before needing to take a radical turn on service delivery. Deficits in the \$4 million a year range do loom in FY'07 and FY'08, but those deficits are based on conservative assumptions as to revenue growth and perhaps too high an expectation as to spending requirements. Nonetheless, having the perspective of not only the current fiscal year, but the next one and the one after that, provides the City a wider view of all the possibilities.

More specifically, and as indicated above, the enormity of looming health insurance and retirement charges has given the City the reason and, quite frankly, the need to try to do something to make an impact upon them. Placing today's infrastructure needs in the perspective of tomorrow's debt service costs is helping to ensure that debt's impact on the bottom line remains manageable. More so, by forecasting revenues in such a manner, nearly every stakeholder has been able to embrace the City's call for the development of 1,200 units as a way of generating sufficient property tax growth to close pending budget gaps. Such a coordinated approach would be doomed to failure if not for the backdrop of what today's decisions mean for tomorrow. For instance, such an economic development agenda takes years of effort to allow its goals to materialize. Planning for that three years in advance makes its achievement all the more likely, and helps assure its impact in protecting vital services and forestalling any Proposition 2 1/2 override from being sought.

EXPERTS AGREE AND HOMEOWNERS BENEFIT

By the way, avoiding the need for a Proposition 2 1/2 override is a major priority of the City. The City Council, in particular, continues to take actions to ensure that the City's financial underpinnings are solid, and that local homeowners, especially owner-occupants, get a great level of service for a fair charge.

In fact, a recent study undertaken by the City to take a look at the "municipal tax burden" placed on owner-occupants locally and in seven other communities not only indicates that Chelsea is the least expensive community to live in, but the least expensive by a significant margin. The study examined valuations, tax rates and water & sewer charges here versus those in Boston, Everett, Lynn, Malden, Revere, Somerville and Winthrop. There is no need to single out any of those communities in this document by specifically addressing their costs of living versus the local experience. And, of course, a variety of factors could contribute to the expensiveness of one versus the inexpensiveness of others. However, a look at the data below shows that municipal charges are on average 52.90% higher in

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those seven communities, and a whopping 74.31% more expensive to live in City A as compared to locally.

**MUNICIPAL TAX BURDEN
FY'05**

City	Combined Water & Sewer Bill	Average Tax Bill	Residential Exemption.	Average Bill w/ Exemption	Combined Home Owner Costs w/ Exemption	% Above Chelsea Cost
A	942.00	3,209.00	0.00	3,209.00	4,151.00	74.31%
B	1,105.20	2,875.00	0.00	2,875.00	3,980.20	67.14%
C	1,028.00	4,433.30	1,550.62	2,882.68	3,910.68	64.22%
D	882.00	2,735.00	0.00	2,735.00	3,617.00	51.88%
E	814.69	2,616.00	0.00	2,616.00	3,430.69	44.06%
F	829.00	3,742.92	1,222.92	2,520.00	3,349.00	40.63%
G	674.40	2,376.00	0.00	2,376.00	3,050.40	28.09%
Average	892.61	3,141.03		2,744.81	3,641.27	52.90%

Chelsea	948.00	2,491.85	608.44	1,883.41	2,831.41	0.00
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Source: MWRA Advisory Board Annual Water & Sewer Charges Survey and City Assessing Departments

Now, the City is not in the business of responding to the near constant and unsubstantiated-in-fact accusations made by the handful of critics whose voices are the most often heard. In fact, in a somewhat ironic fashion, those wild claims of things like “Chelsea is the most expensive place to live” serve to test the validity of the City’s claims that professional management and altruistic political leadership are indeed combining to provide great results for the city’s residents. The chart above, and so much evidence to the contrary on almost every fiscal matter, does in fact bear out the claim that progress is serving the City well.

Of course, that claim made in this report has been substantiated over and over again by independent municipal experts, recognized in their fields for their knowledge and impartiality. This past year, for example, the City received its eighth straight Distinguished Budget Award and seventh straight Financial Reporting Achievement Award from the Government Finance Officers Association. GFOA is a non-profit professional association serving 14,000 government finance professionals throughout North America. The City is one of only five in the state to earn both coveted honors. Despite the gloom and doom that some have for the City’s budget status, Standard & Poor’s reaffirmed the City’s bond rating at “A-” just recently. In doing so, the premier international credit rating agency justified its rating by recognizing the City’s “continued property tax base growth; adequate financial position; experienced financial management, and low debt burden.” Perhaps the most introspective, the Charter-required annual audit, which consciously has been expanded by the City to be a more comprehensive financial report, indicates for the seventh consecutive year that the City’s financial management operates without any material weaknesses. Relating to audits, the State’s audit of the construction of the \$17 million high school addition resulted in only nominal challenges to City spending on sidewalk improvements on the school’s Carter Street entrance and the

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replacement of a veterans memorial plaque. Those findings certainly place the City's management of the project in great light as compared to State auditors' findings of misappropriations on parties, non-project related equipment acquisitions and general mismanagement in other school building projects around the state.

What this all means for homeowners is that proper and, in fact, superior financial management is combining to keep the cost of living locally low relative to area peers, while arguably providing better services and a more enticing environment for even greater investment. Again, the later is not rhetoric, but instead pointed out by the fact that during the last four year period measured by the *Boston Magazine*, property values have increased the most locally than any other community in Eastern Massachusetts, if not the entire state.

The general affordability of taxes is a direct result of the City Council's leadership on the issue. To that point, the City is one of only a handful that adopted the maximum commercial shift and the highest residential exemption allowed by State law. As a result, the average owner-occupied, single-family homeowner saved \$1,191 on the current property tax bill. Legislation just adopted by the Council has the City going even further to support owner-occupants. Should the home rule petition to expand the residential exemption to 30% receive State approval and is again re-adopted by the Council, almost every resident homeowner will save on average \$200 or more on their property taxes in FY'07.

All this, while maintaining and expanding services, addressing the historic neglect of the City's infrastructure and, most importantly, not pushing off today's financial problems to tomorrow.

MANAGEMENT GAINS

Helping to forestall a spiraling decline that has no floor is the continuing effort to produce efficiencies in government. Of course, the more efficient one becomes, the more difficult it becomes to squeeze greater efficiencies out. For example, some communities still provide their own municipal trash pick-up, typically at a much greater expense than privatizing the service. Equipment costs for a less efficient smaller fleet, the high rate of disabilities and their costs, union contracts higher than the industry average and patronage are the major culprits that can make municipal pick-up so much more expensive than through privatization. Local pick-up has been placed privately for more than a decade, so the efficiency from doing so has already been gained. That, however, does not stop the City from seeking further savings in trash pick-up. Last fiscal year, for instance, the City switched vendors after rebidding the contract, which in and of itself is not required by law. The result was a \$120,000 savings on top of the millions of dollars in short and long-term cost avoidances that privatization provides.

As the search for efficiencies continue, the City believes that technology gains are perhaps the best way to do more with less. One example of many being examined involves providing Inspectional Service Department inspectors with "smart pads" that would allow them to spend more time out on inspections instead of in the office doing reports. Smart pads could allow tablets for inspectors to record their every comment out at a site, and then electronically transfer that information to a

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property file back at City Hall.

However, the City also recognizes that technology comes at a cost, so insuring that there is a regular and practical application for acquired technology and that the many add-ons promote value within the organization is critical. The City's IT Department is serving as the "gate-keeper," striving to meet the seemingly limitless technology opportunities offered almost daily to the City with a realistic plan to meet user needs to acquire, train, access and maintain new systems. In fact, IT is formulating a "technology forecast" to better plan for equipment acquisition and to ensure that related software and other supports are affordable and promote greater efficiencies.

Collecting what was billed can also be the difference between maintaining a balanced budget and cutting the services that responsible taxpayers pay to support because others choose not to pay their fair share. In early 2006, the City hopes to close out a 2004 initiative to recover the top five largest tax debts owed to the City. The imminent securing of a payment of \$157,000 for a Chester Avenue property will represent the last of the top five to be collected. In total and when the Chester Avenue payment is received, the intensive focused will have resulted in the collection of \$1.1 million over a 24-month period. Now, no other tax debt exists in the six-figures, a far cry from the lax collection policies of the past that had allowed one tax debt to run up to a total \$3.4 million. Management policies are in place and have been refined to try to be sensitive to special circumstances causing honest taxpayers to be delinquent, while insuring that no one, including those who would have succeeded in not paying their debts because of their political connections, now can take advantage of the system.

MUNICIPAL BENCHMARKING

Effective management welcomes critical inspection. That scrutiny can come from audits, credit reviews and budget hearings, and typically do. A process has begun in 2005 and will be completed in 2006 that takes the in-depth review of the City's budget and management to a never before seen level locally. And, it is that level of analysis and commentary that the City is not only encouraging, but is also soliciting.

The scrutiny comes in the form of two review committees formed to help the City work through a municipal benchmarking assessment. Municipal benchmarking is a process by which the City can compare its sources of revenues and expenditures to a comparison group of Massachusetts communities. In its purest form, differences in revenues and expenditures can be identified and discussed. From there, anything could happen, including debate and action to alter the way the City is conducting business.

The City is excited about the opportunity to venture into such an extensive review. For a fee, a firm known as Municipal Benchmarking provides an extensive report, utilizing public filings made by communities to a variety of state and federal sources. Nearly every revenue and expenditure can be compared to those being made by individual communities in the comparison group and the comparison group as a whole. Comparison communities are chosen based upon a chosen set of 15 factors, helping to ensure that, to the extent possible, apples are being compared to apples.

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Practically speaking though, the apples to apples comparison is more like comparing differing types of apples. That, of course, is because no two communities are exactly the same. However, the exercise has great value in probing City policy and sparking debate about past and future priorities.

To accomplish the review, the City has assembled an internal review committee made up of a cross section of City Hall employees, representing different departments, unions and grades. A second committee comprised of local residents has been selected by the City Manager not for their allegiance, but because of their expertise and value in providing a critical and independent review of the facts.

Interestingly, the review has already shed some light. Most often, the City's comparison communities have been Everett and Revere. The development of the comparison communities based upon those 15 variables, though, indicates that Lawrence, Lowell and Lynn are more appropriate comparisons to the City. Now, none of those communities are directly influenced by Boston the way that the City, Everett and Revere may be, so it is not necessarily right to say that all comparisons to Everett and Revere are off. In fact, the two are the fourth and fifth of the twenty communities that are good comparisons to the City. However, demographics are an important consideration in trying to judge apples to apples, so the exercise of the municipal benchmarking assessment of the demographic attributes of cities and towns that most closely match the City's demographic profile is worthy of careful consideration.

Given that very little review of the comparison data was completed before the City embarked on this introspection, City officials do risk being "exposed" if raising and spending patterns are way out of line. However, that is one of the purposes of the exercise, and it confirms an opinion held by City leaders that City government must be challenged regularly and must prove itself worthy of further confidence and support. Again, City government leaders welcome the scrutiny and look forward to utilizing the results for the formulation of future City policy. The results will not become available in time to influence the FY'07 budget. However, the completion of the review in 2006 will have already sparked much debate in the public meetings to be held, and will also assuredly be the basis for complimentary or critical commentary on the City. The reshaping of priorities going forward could be the result.

A LONG LAST NOTE

In 2006, the City will make its last payment on the \$5 million borrowed from the State as part of a bail-out package that was offered to keep the City out of Receivership. Even though that effort in the late 1980's failed and the City eventually went into Receivership, the City has been repaying the debt. Although some discussion took place that the City should seek to have the loan forgiven, City officials eschewed such an initiative and instead continued to make repayments. The last payment on the note, \$221,000, closes out the account. Unbeknownst to many, the \$5 million loan was the only direct "extra" financial contribution the State granted or loaned the City before or during Receivership. The City is certainly happy to have that debt off of the books.

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Summary

The City's financial condition can best be summarized as follows: Ample and well-managed reserves are continuing to help the City cover short-term structural deficits mostly caused by spending and revenue accounts not fully under local control. That process is helping to maintain a level and somewhat increasing delivery of services, while an aggressive economic development agenda provides promise to fill the budget shortfalls that are left over after the combination of strong financial management and focused political leadership make appropriate cuts and raise new, non-property tax revenues. The results are continuing balanced budgets that also provide a perspective on the future, and complimentary recognition of the City's financial and management positions from independent experts.

The progress that has been made since the days when a mayor's only option was to beg the State to come in and place the City into Receivership is dramatic. The memory of that fateful day underscores the value of "institutional knowledge" and provides further impetus for the City to remain loyal to its Financial Fundamental.

2006 Goals

- Pursue a 7-point initiative on controlling health insurance costs to attempt to bring some level of municipal control to the largely non-discretionary spending item;
- Review revenue and expenditure items and take the necessary and appropriate actions to reduce the estimated \$3.6 million structural deficit in the upcoming FY'07 budget to a more manageable number requiring a smaller Free Cash appropriation to produce a balanced budget;
- Approve a technology acquisition plan to ensure that the City takes advantage of technology to improve the local operation in an affordable and serviceable manner;
- Complete the two-year action to recover the top-five tax debts owed to the City by securing a payment of \$157,000 for a property on Chester Avenue, bringing the total collected through the effort to be \$1.1 million, and
- Complete the municipal benchmarking process as a method to get City officials and local residents and taxpayers in accords on local revenue and spending priorities.

ECONOMIC DEVELOPMENT FUNDAMENTAL

2005 Highlights

- Secured the approval of the City's 26th business development project through the TIRE Program, thereby encouraging one of the world's largest companies, GE Capital, to make a substantial investment locally;
- Facilitated the start of the Forbes Industrial Park reuse project which will result in the construction of 225 units of housing on the 19-acre, former warehousing site on the City's waterfront;

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- Led through completion the second phase of construction at the Mill Creek Condominiums, leading to the construction of 77-units atop a foundation that had been unimproved for more than 15 years;
- Completed permitting activities that resulted in the groundbreaking for the construction of a Home Depot in Parkway Plaza, the first of several developments that will completely transform the retail center that has been underperforming for more than a decade;
- Negotiated an agreement with the owner of the Mystic Mall that provides for the construction of a new Market Basket on-site and the study of the remainder of the parcel and surrounding street network to promote coordinated, mixed-use development throughout the area;
- Secured State approval of a major plan amendment to the Everett Avenue Urban Renewal District, thereby creating the Chelsea Residential Overlook Project, resulting in the successful negotiation to acquire the district's largest parcel and leading to the issuance of a request for proposals for a master redeveloper of the entire 8-acre CROP district into 400-600 housing units in a smart growth development strategy;
- Secured a State grant of \$1 million to make infrastructure improvements relating to the EAURD to Spruce Street;
- Achieved several important milestones on the City's agenda to facilitate the construction of 1,200 units of new housing by the end of FY'08, including the work at Forbes, Mill Creek and CROP, as well as 234 units entering permitting at Parkway Plaza, 160 units completing legal challenges at Admirals Hill, 120 units completing permitting on various sites on Gerrish Avenue, 56 units completing permitting at the National Guard Armory, 42 units entering permitting at the former Belanger Industries building, 23 units completing redevelopment activities at the former Mary C. Burke Schoolhouse, and 18 units, including a CVS, entering permitting for the Fourth Street parking lot;
- Secured two State grants to work cooperatively with Revere on the viability of the Chelsea River for future commercial seaport-related development;
- Collaborated with Northeastern University to develop an economic development self-assessment tool for Massachusetts communities, and
- Participated in planning discussions regarding *MetroFuture*, the region's plan to identify and examine growth issues over the next thirty years.

Discussion

If it is the City's financial management that keeps the City afloat and affordable, it is the City's economic development agenda that provides the answers to those questions financial officials alone cannot answer. The fact that the two work "hand in hand" is testament to the cohesiveness and coordination the City's professional management and political leadership is producing. Plainly stated, with all the dramatic overtones being well placed, the City's future depends upon solid financial management serving as the foundation upon which a burgeoning economic development agenda can be built.

For City officials, though, economic development is about more than just balancing budgets. In fact, the City is prone to turn down projects that would provide greater revenues if those projects do not also fit into the vision City development officials, as reflected by many local stakeholders, have for

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the community. An example of this would be the City's limitation on freight forwarding facilities, even though those developments can provide twice the level of tax benefit as their traditional manufacturing counterparts. Residents have spoken, Council has directed and the City has adopted a philosophy that heavy trucking is not good for the community anymore.

Plain and simple, the City's economic development philosophy is to upgrade existing uses to those more appropriate for a livable and viable community today and for decades more to come. The City seeks to attract the "right businesses," like biotechnology, at the expense, for example, of retarding heavy trucking companies. The Neighborhood Enhancement Fundamental has pushed economic development officials to consider "residential/industrial conflicts," leading the City to have much success in removing industrial and blight-promoting commercial presences in what should otherwise be livable neighborhoods. Through an aggressive economic development agenda, the City has developed a strong reputation for being a leader in community redevelopment and revitalization. Testament to that was the City's invitation to participate in an economic development forum as the sole municipal representative at a *Rhode Island* conference.

At the very foundation of the City's progress on its economic development agenda is the great understanding City development officials and, quite frankly, local political leaders have for the possibilities for the community and pitfalls that can impair those possibilities. Political leadership in this area cannot be overvalued. Recently, for example, an exciting development opportunity was referenced to a neighboring mayor, the type that the City is promoting with great fanfare and success. The response from that mayor, though, that: "Oh, my Council would never allow us to pursue such a development," spoke volumes about that state of development elsewhere and why so much is possible locally. Add in members of the City's boards and commissions, and the near unanimous, pro-Chelsea agenda has junkyards being turned into hotels and crumbling warehouses the sites of great investment interest by the biggest residential developers in the country.

At 1.8 sq. miles, the city presents development hurdles not present anywhere else in the commonwealth. Add to that the reminders of the dirty industries of the past, their residual environmental impacts on the land they occupied and the need to recycle those properties because no green pastures exist to create a new development, and the progress the City has made in the area of economic development is quite astounding.

Like the Financial Fundamental, the success of the City's Economic Development Fundamental can be found in deft planning and precision implementation of those plans. The City has no choice, because if the development agenda cannot be realized, all the gains that have been made over the past decade may be for not.

UNDERSTANDING MARKETS AND DELIVERING UPON THE OPPORTUNITIES

The City's economic development agenda starts with an understanding of local resources and limitations as they relate to the city, region, state and beyond. For instance and to the obvious, the City is not out actively seeking farming. Yet, the food industry is important to the City and vice-versa. In general, the connection to the local transportation network; proximity to Logan Airport,

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Downtown Boston and the centers of emerging technologies; availability of workers to perform semi- and skilled job tasks; favorable business environment, and relative affordability of properties are all assets the City seeks to tout. Conversely, there are no easy development projects; no “green-fields” to plow over for sprawling industrial complexes, no “cheap-buys” like vacant warehouses or empty office buildings, and no sizeable acreage that is free from environmental challenges and city, state and federal permitting issues. Overcoming the latter to take advantage of the former means understanding the possibilities and being able to deliver upon the opportunities.

An informal, internal market analysis done in 2004 continues to provide direction for City economic development policy in 2006. Basically, the chase for office development that dominated the City’s efforts in the late 1990’s and early 2000’s has been abandoned. Conversely, residential redevelopment that had been shied away from during that same period is now front and center. Simply put, yesterday’s objectives do not necessarily fit today’s goals and opportunities, just as what is or is not important today may become more or less important tomorrow. The key, therefore, is regular self-assessment done in the framework of the regional economy.

Generally speaking, the City is not actively seeking industrial development these days. Several years ago, for example, there was a tremendous opportunity to partner with a major manufacturer on a multi-hundred thousand square foot industrial requirement that would have brought nearly 1,000 jobs to the city. With those jobs would have come hundreds of heavy trucks daily, and the project would have only been able to be sited at one of the City’s two prize jewels: Parkway Plaza or Mystic Mall. Had the City been 18 sq. miles, instead of 1.8, had a twenty-acre green-field site existed instead of a twenty-five acre site that had been the home of a former trash dump (Parkway Plaza), had ample buffer areas been between the development site and neighboring homes, had no other opportunities for development existed, and had no self-examination and related planning taken place, perhaps the City would have been more aggressive. The fact is, the City was not, and instead has prioritized mixed use development which, while still providing hundreds of job opportunities, will also be neighborhood appropriate and even greater builders of the city’s tax base.

Regarding planning, the City has developed and has now had a nearly ten year focus on an economic development plan that, while seeing minor modifications, still drives the City’s economic development activities. That plan, originally known as the Chelsea Business Agenda, is a classic response to a careful and thoughtful analysis of local resources and general market conditions. The test of winning public policy is its value year after year. In the case of the Chelsea Business Agenda, the City’s economic development plan is as timely and well-focused today as it was when it was first announced at a Chelsea Chamber of Commerce gathering in September of 1996. While one component of the five point plan was a short-term goal, the Business Call Program, and another has been abandoned, the Revolving Loan Fund, three main components, the TIRE Program, the Sector Strategy and the Anchor Projects Program, are as useful and relevant as they have ever been.

TIRE CONTINUES THE CITY’S PROGRESS

The State’s Economic Development Incentive Program allows eligible communities, including Chelsea, to provide a combination of local property tax relief and state income tax relief to qualifying

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projects. Up to 100% property tax relief for up to 20-years and a one-time 5% income tax credit on the amount of the investment is offered to businesses who pledge to hire new employees in the commonwealth. Although the program first became available in 1993, it was not until the CBA's Tax Incentive for the Retention and Expansion of Business (TIRE) Program implementation in 1996 that the City was able to take advantage of the powerful business retention and attraction program.

One business expansion project was added in 2005 to the list of 25 others that have dramatically changed the business roster of the community since 1996. That project was a "whopper," though, as one of the *world's* largest companies, GE Capital, made a huge investment in the city's two largest parking facilities. If not for the momentum created as a result of the previous 25, it is very unlikely that the City would have been able to attract, let alone successful capture, the attention of such a worldwide leader. Now with GE Capital focused upon the great resource the city is, it is very likely that this new partnership will elevate the city's position in the region to new and much desired heights. A closer look at that development deal provides insight into the City's ability to achieve today while plan for tomorrow.

GE acquired the Logan Park & Go property, which is the 19-acre, former Amoco oil tank farm, and the Massport Parking Garage. The City's offer of tax relief extended to only the Logan Park & Go facility, with that offer being to relieve 100% of the new growth created by the \$25,000,000 investment in the oil-laden property that has been a surface parking lot while environmental remediation efforts continue. That commitment was made, though, while assuring that non-property tax revenues on the property would continue to increase, and while helping to establish a dialogue with a major corporation whose presence in Chelsea could undoubtedly bring a much greater investment in the years to come. That City relief could have a value of \$1 million or more over the life of the TIF (Tax Increment Financing) Agreement. On the plus side, the GE Capital operation, know as Urban Growth, should result in \$4.1 million in baseline property taxes and other revenues accruing to the City during the 10-year period of the TIF Agreement.

The \$25,000,000 being invested is only a portion of that which GE Capital is directing to the city as part of its initial investment. In addition to the garage, which, again, is not subject to the TIF, discussions have already begun about other investment opportunities in the community, including one that is consistent with the City's major economic development priority of the day, that being housing development.

Back on-site, the City's hopes that the heavily contaminated Amoco property would be ready for more permanent and extensive redevelopment by 2007 appear to be unrealistic. While the previous owners were more than cooperative, the extent of the development hurdles, including environmental, infrastructure and permitting, require the attention of an entity with much greater resources. Thus, discussions with GE Capital began.

Risks do abound regarding those development hurdles, so the City offered to provide the local tax relief in order to "cap" the local property taxes while planning takes place regarding future development. All interim uses are continuing on the property, and those interim uses, as noted, do provide additional revenues to the City above the baseline property taxes. However, the master-

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planned build-out of the creek-side parcel that is only minutes from Logan Airport, Downtown Boston and the South Boston Waterfront could provide the City with the necessary tax base growth that will reduce and, hopefully, eliminated projected deficits in the next decade. That GE Capital is willing to partner with the City on this vision brings to the City an unparalleled development partner who can help turn the local vision into a reality.

Just one of numerous examples as to how the City's development agenda works, the GE Capital project signals that the City has arrived at the next level of possible development activity. The TIRE Program may continue to help to make even greater activity possible.

In 2006, the City is currently looking at the potential of at least four TIRE projects moving forward. All four projects are consistent with the City's "Sector Strategy" and "Anchor Projects Programs" described below. Three of the four major projects include the Home Depot build-out in Parkway Plaza, the HP Hood office project and a possible \$40 million investment by a biotechnology company, the latter two in the Everett Avenue Urban Renewal District. The fourth relates to the expansion of State Garden, a salad processor, with that project being consistent with the City's efforts to retain and attract food companies.

Overall, TIRE projects, like the Wyndham Hotel and expansions of the city's largest employers, Kayem Foods and Pillsbury, have produce dramatic numbers: more than 1,800 jobs created or retained, \$100 million invested, \$1.3 million in annual property and non-property taxes generated and more than \$6 million in one-time payments being collected. Each TIRE project makes the next one possible. For example, the GE Capital project could not have happened had not the City approved the original Logan Park & Go project.

SECTOR STRATEGY FOCUSES THE CITY APPROPRIATELY

With the TIRE Program ready to provide the resource, the City sought to define a grouping of industries that made the most sense to attract. That is not to say that the City is not open to discuss other opportunities, which it is, including one very interesting discussion that could lead to a \$50 to \$75 million investment in a sector of the economy the City has not been active in pursuing. Those types of opportunities happen in large part because the main focus of City policy is working. The fact that the City has attracted significant local investment has all those who have an interest in finding the "right" place to invest, like the GE Capital's of the world, now looking at the city.

The City's focus on itself and the surrounding marketplace has resulted in the organization of a Sector Strategy: five industries where local resources and general market conditions would seem to have the greatest likelihood of producing a productive marriage. The Sector Strategy has the City focused on: Food, Back Office, Health Care, Airport Related and Downtown Business Supports.

In 2005, the City worked with several Food companies on their needs and facility expansions, including Pillsbury Foods and State Garden Produce. While Pillsbury has announced that it will be reallocating portions of its local operations to other plants that provide for greater efficiencies, the City and Pillsbury have been actively discussing ways in which other baking lines might be brought

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to Chelsea. State Garden, meanwhile, is in expansion mode, having purchased the former Synthon Property abutting Second Street. To support that project, the City has an agreement with State Garden to sell the last remaining parcel from the 1970's Murray Industrial Park Urban Renewal District, Parcel I2A, to State Garden, and to help support the expansion through a TIRE Program tax relief offering.

On Back Office, the HP Hood Project on Beech Street is dominating development actions. The 60,000 s.f. office project to be located in the Everett Avenue Urban Renewal District has been stalled because of environmental issues at the former Lawrence Metals property. The City and Catamount Management, HP Hood's ownership entity, are working cooperatively and negotiating the possibilities with both the US Environmental Protection Agency and the State's Department of Environmental Protection.

A promising opportunity in the biotechnology field has the City's priority on Health Care focusing each and every local resource. For more than 8-months, the City has been in "solicitation mode" as the competition for a company in the most sought after of sectors pits Chelsea against several in Massachusetts, at least two other New England states, states in the South and Midwest and two European countries. Yes, the City is now able to compete worldwide. The combination of a winning development agenda made possible by the CBA, the success of the city's first biotech foray, Alkermes, and the general development environment for which the City has earned a justifiably positive reputation are combining to make the City's chances quite favorable. Incredible assistance from the State and the Massachusetts Biotechnology Council are adding further credibility to the City's overall effort.

The GE Capital investment was made possible because of the City's continuing focus on the Airport Related sector. Again, with GE Capital on board, the "sky's the limit" as the City focuses on taking economic advantage of the proximity to the largest economic engine in New England, Logan Airport.

Downtown Business Supports focus attention on areas like transportation, printing, catering and security; those companies that provide supports to Downtown Boston but do not need to be located there. One effort this past year actually demonstrated that the City's desire for development that is "appropriate" up against local neighborhoods does override City efforts to attract business. That opportunity, from a paper recycler, would have resulted in far too much truck traffic and the potential of blowing trash impacting the Bellingham and Grove Street neighborhoods. A potential does exist, though, for a new hotel or two at various locations, with hospitality being a sector within the Downtown Business Supports that provides promise for continuing discussion in 2006.

The Sector Strategy has helped to define the City's business base, direct appropriate attention from City development officials and others who are part of the development process, and create a name for the City among site search professionals and businesses involved in specific sectors. The potential biotechnology opportunity, for example, became available not because the City has placed any advertising in industry magazines nor had a glitzy booth at an industry trade show. Instead, it has become available because the City's reputation of promising and then delivering has Chelsea on the list of places industry leaders should consider. That, in and of itself, is a significant accomplishment

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for a community that once had a national company “flee” while leaving a deposit on a property because of the negative business environment the City once had the infamy of hosting.

ANCHOR PROJECTS PROVIDING FOR REAL GROWTH

Development tools in place and an understanding of the sectors to be pursued achieved, a next logical question would be: “where can and should development take place?” The answer continues to be the goal of the Anchor Projects Program. Begun as an exercise to determine where the greatest amount of redevelopment effort should be placed to gain the greatest amount of redevelopment in turn, the Anchor Projects Program now has the promise of reshaping the physical landscape of the entire community. Originally, the focus was upon three areas: the Chelsea Waterfront, Parkway Plaza and the Everett Avenue Urban Renewal District. Another large opportunity, this one at Mystic Mall, has made its way to be the fourth area to be considered.

In 1996, the Chelsea Waterfront, from the Meridian Street Bridge to Forbes Industrial Park, had aging industries and no real feel for a future. Today, some aging industries still do exist. For those that have gone, the environmental residue of those old industries still does pollute too much land. Yet, despite the development limitations, a peek towards the potential of the future has emerged. Forbes Industrial Park is under redevelopment, with the conversion of the 19-acre, former warehousing site to 225 residential units being the first major redevelopment along the waterfront. On the landside, another residential project, 77 units as part of Mill Creek Phase II, is nearing construction. Those projects, along with less intense commercial development, like the MWRA Headquarters open on Griffin Way, are indeed defining what could be a totally different waterfront in years to come. The presence of GE Capital adds to that belief that investment could change the character of the city’s waterfront from dirty industries to revitalization-promoting developments. Even discussions with Eastern Minerals regarding the future of its salt operations and its 2005 acquisition of the former Coastal Oil property provide great opportunities for community development. The transformation of the waterfront, as contemplated by the Anchor Projects Program, is beginning.

Parkway Plaza, meanwhile, may be almost finished. The Home Depot project appears to be the major change agent the City needed in order to reverse the decade’s decline and disinvestment in the 38-acre retailing center that had seen all its major tenants leave. Home Depot broke ground in 2005 and is expected to open for business by April 2006. Along the way, not only has the Home Depot project provided for the complete rebuilding of the former Bradlee’s space, it has served as the major magnet City officials believed it would by attracting a host of smaller retailers to co-locate with it. Sometime in early 2007, the City believes all the stores and restaurants will be in place, creating a thriving retailing atmosphere and much more. The much more is that the Home Depot project allowed the City to gain a much larger prize, the development of a 234-unit residential project on Gillooly Road. That project, which should break ground in the summer of 2006, will protect the Gillooly neighborhood from commercial intrusion by completing the neighborhood with a magnificent residential living environment. The Parkway Plaza revitalization is also promising to engulf the abutting furniture warehouse building, which has now become the target of City pre-redevelopment discussions.

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At the Mystic Mall, a similar decline in retailing over a similar period of time as the Parkway Plaza is now providing a similar type of opportunity and the potential for a similar type of success. In 2005, the City came to an agreement with the owner of the Mystic Mall to see a new Market Basket created in the former KMART space. The project will also result in the razing of the middle of the mall, which has been vacant for several years. As part of the overall development, the City and the mall owner have agreed to undertake a joint planning effort that could lead to a future, mixed-use development not too dissimilar to Parkway Plaza and certainly very reflective of the major investment activity that has happened in the mall area over the last decade. In fact, that study will look at several parcels along the Everett Avenue corridor to ensure that development is coordinated and complementary along Everett Avenue and Second Street.

Arguably, all of the above success in the Anchor Projects Program relates to the City's success on its Everett Avenue Urban Renewal Development program. Announced in 1997, the EAURD goal was to jump start a lagging local economy by promoting the conversion of the city's aging, heavy industrial and scrap base into higher and better uses, while also improving the city's commercial position in the region and substantially increasing jobs and local tax revenues. To date, the EAURD has been a rousing success.

The premise of the EAURD was that a strategic public action in a clearance area of 10-acres would provide the impetus for private development to take place in the entire 65-acre district. In January of 2001, Phase I of the EAURD, a 180-room, Wyndham Hotel, the city's first hotel, opened. That single project provides more jobs (75 vs. 60) and tax revenues (\$400,000 vs. \$150,000) than the entire 10-acres did prior to the EAURD. After Phase I, the City still had 8-acres left for redevelopment.

Adjacent to the Wyndham, the City sold ACS Development the "Emerald Block," Phase II of the EAURD, for \$3 million in November, 2003. ACS Development, the city's largest owner/developer of office and commercial properties, originally sought to undertake a 250,000 s.f. office project on the site. However, with the downturn in the office market, ACS and the City both believe the Emerald Block to be an excellent location for a mixed-use project potentially including residential, office, hospitality, retail and/or biotech. The City's interest in the Mystic Mall study of the Everett Avenue corridor should help to better plan for the uses that could be located on the Emerald Block. Phases I and II replace an auto salvage/car parts business, a motor storage warehouse, a heavy truck repair/scrap yard, a janitorial supply house, a metal forming business and a mail fulfillment warehouse.

The City, through the Economic Development Board, issued tentative development rights in 2005 to "Chelsea Gateway," Phase III of the EAURD, featuring the redevelopment of a former tooling building and contaminated sheet metal property. Catamount Management, the selected developer, is the owner of HP Hood. The Chelsea based company would relocate to Chelsea Gateway in a new headquarters Catamount proposes to build. Additionally, the urban scale development of 60,000 s.f. could be complemented by a later construction of a hotel or restaurant. Environmental issues have held up the agreement of a LDA and the anticipated groundbreaking of the office building. Once a

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remediation plan is agreed upon, Catamount and the City anticipate wrapping up the LDA and facilitating a 2006 groundbreaking.

In the remainder of the EAURD, the City's goal of attracting private investment has been taking place. Alkermes, Inc., a biopharmaceutical company, opened a manufacturing center at Brickyard Square in late 2003. That building, at 100,000 s.f., was the largest building vacant in the area prior to the EAURD being announced. Additionally, Stop & Shop has built a new supermarket on the sites of a former lumberyard and building materials recovery center. While the area prior to the EAURD had 10-acres of auto salvage operations, only 2-acres currently exist. The City is working with the new owner of the Everett Avenue/Vale Street junkyards on a MOU to plan a future development consistent with the EAURD plan. Again, the Mystic Mall study of the Everett Avenue corridor is of value in directing the future of this development.

The EAURD provides for three zoning districts allowing for residential, light industrial and office/hotel uses. While satisfied with the development taking place in two of the districts, development activity has severely lagged in the residential district. After almost 8 years of seeking to encourage private developers to assemble the 8-acres in the residential district that are currently underperforming industrial uses, the City has taken action. In late June, 2005, the City and the owners of the largest parcel in the residential district came to terms on a land damage agreement relating to the City's interest in acquiring the property by eminent domain. With the largest property now in control, the City, again through the Economic Development Board, proposed and secured State approval in December of 2005 of an assemblage of all the parcels in what is now dubbed the "Chelsea Residential Overlook Project." A request for proposals for a redeveloper was issued at the end of 2005, with an expectation that a tentative development designation could be issued by the end of April 2006. As many as 400-600 units are contemplated for CROP, which is a smart growth/transit oriented development. CROP is just 1½ blocks from Chelsea Station on the Rockport/Ipswich commuter rail line.

A State Community Development Action Grant is helping the City to address substandard infrastructure in the district and especially relating to the Catamount development. The \$1,000,000 grant will allow for the widening of the now bottlenecked access point to Route 1 North, a major commuter travel path. Additional work includes the upgrading of drainage and other utilities to service the proposed office building and other development expected in the area.

So, the Anchor Projects Program is succeeding in turning abandoned oil tank farms, vacant retail centers, junk car yards and decrepit industrial buildings into hotels, offices, stores, biotech centers and residential dwellings. In doing so, it has produced interest in almost every other development opportunity locally.

RESIDENTIAL DEVELOPMENT A TOP PRIORITY

The City's pursuit of residential development is the most significant shift from the local economic development agenda. While lower property values even into the late 1990's did not merit a focus on residential development, the City's steadily improving stature in the region has resulted in more

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individuals and investors eyeing the City as a bedroom community of Boston. The combination of a slowdown in the office market and increasing residential values has come to make residential development a worthwhile strategy for tax base expansion and overall community planning. Recognizing the combination of the two, the City announced in 2005 a goal of promoting the development of 1,200 new units by FY'08. The City projects that 15% of those units will be affordable. The types of units will be a mix of ownership and rental, typically one and two bedrooms, and almost all in a dense, urban style very reflective of the build-out of other cities in major metropolitan areas.

Is such an aggressive agenda possible? 1,200 new units would add about 10% to the current unit count in the city. While acknowledging that such an impact may take some time for local sale and rental markets to "absorb," City officials believe the "new-Chelsea" is one that can and will absorb the new units and likely attract even more residential interest. After a decade's-long renaissance in each of the City's neighborhoods, and a stabilized government promoting updated infrastructure, problem property abatement, improving public safety, tremendous schools and community programming expansions, among much other progress, current residents and those looking for a community on the move forward seem to be voting for Chelsea with their residential dollars. In fact, so strong has been the local attraction that city values increased at a great pace than all those measured in a 2004 study conducted by *Boston Magazine*. In 2005, that magazine called the city "the hipster," noting the city has become "a paradise for urban types who appreciate its low housing costs, loft-style living, and mellow vibe."

Looking at the numbers, the argument for residential development may be even more compelling. Supporting that claim is a simple analysis of a parcel that may once have been available for a 250,000 s.f. office development that now instead might be looked at for 300 units of housing. Today's tax policies might result in that office building contributing approximately \$500,000 to annual tax receipts, while the residential development could result in \$750,000 or more. Some point to the municipal costs of residential development and look for an offset against the new tax revenue begin produced. However, a local study that examined the increase in enrollment of school-aged children in one new development, the Spencer Lofts, indicated that only one child from the 100-unit development was attending a local school. While the Spencer Lofts experience may not be the norm, the type of housing to be developed in a dense, urban style will likely not lead to the suburban explosion of new school aged children entering those school systems as a result of the construction of new homes in suburban sprawl fashion. A significant consideration regarding local educational impact is that the local school system appears to be shrinking, as a "bubble" in enrollment has almost made its way through the school system.

At 1,200 units, the City estimates new annual tax revenues will equal \$2.5-\$3.5 million a year. Additionally, those units will result in additional motor vehicle excise tax receipts annually, as well as approximately \$3 million in one-time permitting fees. Those potential receipts are projected to be greater than any other growth in local revenues, of course assuming no major tax increase through a Proposition 2 ½ override. By helping to plug holes in the City's budget in FY'09 and beyond, the development of 1,200 units will also stave off the need for an override, at least on the short-term.

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Certainly, questions about the local impacts of adding so many units in an already built-out community are valid and must be addressed. Again, different than the suburban experience, where new development typically takes place in open fields that are not supported by much in the way of infrastructure, the local expectation is that much of the new growth in residential units will take place as part of a strategy to convert older commercial/industrial properties into newer uses. Parkway Plaza, for instance, is well served by roads and utilities. Aside from some modest updates to the street network and utilities directly to the development site, not much needs to be done to handle the new traffic to be generated by 234 units of housing versus what could have been 80,000 s.f. of retailing. Also, in the Everett Avenue Urban Renewal District, where 400-600 units are being planned for by the City, the proximity of the development to the nearby community rail station reduces the vehicle trips expected to be made to and from the development. That, while improvements relating to the EAURD produce a neighborhood roadway network that will better facilitate the movement of today's traffic volumes and those projected for tomorrow.

Development in 2005, building on previous years' efforts, provides the promise of the following major housing activity in 2006: 250 units or more as part of a first phase of CROP development in the EAURD; 234 units breaking ground at Parkway Plaza; 225 units under construction at Forbes Industrial Park; 160 units breaking ground at the Admirals Hill Marina; 120 units breaking ground in multiple locations forming a new neighborhood on and around Gerrish Avenue; 80 units completing construction in the Mill Creek Condominium development; 56 units breaking ground at the Armory on Spencer Avenue; 42 units being permitted at the former Belanger Industries Building at 950 Broadway; 23 units going under construction in the former Mary C. Burke Schoolhouse on Spencer Avenue, and 18 units being permitted as part of a mixed-use development that will include a CVS in the parking lot at Fourth Street and Broadway.

Achieving the development goal is putting the City's development skills to the test. City staff and a variety of land use boards are working methodically, combining to make sure that the end goal does not come at the expense of reasonable and rational planning. In fact, just the opposite could be said, as planning initiatives like the EAURD's CROP is the result of almost eight years of review of the area. It is important to note that the 1,200-unit development agenda is also consistent with state development goals as set forth in "smart growth" policies and programs. Those goals that are applicable to the EAURD and the City's overall development plan include:

- Redevelop First – Support the revitalization of community centers and neighborhoods. Encourage reuse and rehabilitation of existing infrastructure rather than construction of new infrastructure in undeveloped areas. Give preference to redevelopment of brownfields, preservation and reuse of historic structures and rehabilitation of existing housing and schools;
- Concentrate Development – Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walk-able districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities, and
- Expand Housing Opportunities – Support the construction and rehabilitation of housing to meet the needs of people of all abilities, income levels and household types. Coordinate the provision of housing with the location of jobs, transit and services. Foster the development of housing, particularly multifamily, that is compatible with a community's character and vision.

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Additionally, the City's efforts on smart growth seek to promote a supportive regulatory and permitting process; enhance local environmental resources; conserve natural resources, and contribute to regional planning.

Is 1,200 it? Could 1,200 be 1,500, 1,800 or even 2,000 units? Time will certainly tell how the absorption of 1,200 units goes and what the impact of those extra units will be on life in the city. The City's five-year financial forecast and even longer term projections indicate that local property tax growth will still be a critical component to balancing budgets, avoiding Proposition 2 ½ overrides and providing and expanding programs and services. The City's track record is that better projects get built upon good ones, meaning that development momentum could continue well into the future. With that in mind, a look at the possibilities beyond 2009, even out to 2012, indicate the opportunities will continue to exist to convert the city's past, like an industrial waterfront, into newer development. While the densities currently being discussed push beyond that which has been typical locally, they certainly come nowhere near approaching those in much more built out areas of major urban cities, like Cambridge or Boston. And, speaking of Cambridge and Boston, the city's position relative to those burgeoning communities is never going to change, and their own viability underscores why City officials spend the time they do on regional planning and cooperation. An old axiom not lost on City leaders is that "all boats rise in a high tide." Of course the local spin on that is: "...except for those with holes in them." Making sure the City continues to plug holes, be they budget, infrastructure or programming, should make the city an even more sought after address for residents and workers alike.

INFRASTRUCTURE PAVING THE WAY FOR PROGRESS

Among the priorities the City assigns to infrastructure projects are those that advance existing economic activity or attract additional economic development. Several major infrastructure projects around the city are meeting that priority. Combined, they are serving to provide critical updates that improve transportation access, utility enhancement and overall community revitalization.

A \$1 million grant has been secured, for example, to make substantial improvements in the Everett Avenue Urban Renewal District. The Spruce Street Project will result in the widening of Spruce Street, from the railroad tracks to Sixth Street, with a signalization of the Sixth Street intersection. The result should be a substantial increase in the capacity of the roadway to "pull" traffic out of the city and up onto Route 1 North. This, along with utility improvements, is critical for the burgeoning Everett Avenue corridor to continue to handle increased development activity. A groundbreaking on the improvements, which also impact Heard and Beech Streets, is imminent.

Arguably, both the Spruce Street Project and the Williams/Beacham Street Project have as much an impact on the regional transportation network as they do improving the flow of traffic on local city streets. The latter project has languished for years, as the high costs of design and right of way acquisitions has been something the City could not bear alone. Congressman Michael Capuano, however, has secured a \$2 million appropriation to allow for the pre-construction activity to occur. As a result, Williams Street, from Spruce Street, and all of Beacham Street could be rebuilt, a major

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improvement for traffic, especially freight and food truck traffic that travels the roadway. The City is seeking a meeting in February with the Massachusetts Highway Department to further advance the project.

Another roadway project with a regional impact is the reconstruction of Eastern Avenue. That project, being done by the State, is near complete. Once completed, the roadway will be turned over to the City for ownership and maintenance. An important benefit to the City is the substantial drainage work that has been accomplished through the project, especially supporting the existing and new business development on Crescent Avenue.

STUDIES IDENTIFY OPPORTUNITIES AND WEAKNESSES

A smart growth priority is to think regionally. Several ongoing efforts have the City doing so. Together with Revere, the City has been successful in securing two Seaport grants to consider the viability of the Chelsea River for future commercial seaport-related development. Not organized, but certainly supported, by the City is a roundtable discussion about the future of the waterfronts of Chelsea, Revere and East Boston. In nearly all cases, substantial hurdles exist to any kind of development. However these two initiatives, as well as internal city planning, are seeking to position the city's waterfront for rejuvenation in the years to come.

Another priority regionalism effort has been a partnership with Northeastern University to develop a self-assessment tool to aid communities in advancing economic development efforts. Given the depth and reputation the City has achieved on the local economic development agenda, local insight into municipal actions and private sector reactions has been the major contribution to the self-assessment. A strategy of the City regarding regionalism is that elevating the state of the region makes for better local opportunities. Although in some respects communities compete with each other for potential projects, the City believes that more potential projects will present themselves if the region is doing better. Thus, the contribution to the dialogue about making the region stronger should have some local benefit.

Perhaps the biggest contribution to growth has been the City's participation in *MetroFuture*. *MetroFuture* is an initiative of the Metropolitan Area Planning Council (MAPC) that seeks to unite stakeholders to undertake a comprehensive regional plan for the 101 communities that comprise the Greater Boston region. The Boston Foundation, the University of Massachusetts and Boston College have joined MAPC in the *MetroFuture* initiative. The goal has been to get leaders and residents to think and plan together to promote a more desirable future around growth in the region.

MetroFuture has already engaged more than 1,000 Metro Boston residents in a yearlong visioning process to learn more about potential growth and how people envision that growth taking place in the region. Not only have mayors and managers been asked to contribute, but so too have all stakeholders, from business leaders to recent immigrants. The City will continue to contribute to *MetroFuture* as a way of shaping a better tomorrow for all the state's residents.

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SUMMARY

Economic development is as critical for balancing the local budget as it is for promoting progress on the community's overall revitalization. A decade's-long economic development agenda has led to a remarkable and still changing landscape, where older industrial uses are being replaced by newer commercial and, increasingly, residential developments. By following a consistent, well-envisioned and implemented path, and by carefully considering new and emerging market conditions to respond accordingly, the City continues to enjoy record economic growth. That growth will likely lead to a growth in the City's tax base, which will help municipal budget officials continue to balance budgets and protect and expand upon core municipal services. Aggressive actions may be necessary to promote and ensure that progress has a chance to define and help finance a Chelsea that meets and exceeds the challenges that lie ahead.

2006 Goals

- Finalize the State Garden purchase of I2A in advance of that company undertaking a major expansion of the new facility on Third Street;
- Facilitate a remediation plan that leads to a groundbreaking of the 60,000 s.f. headquarters of HP Hood at Chelsea Gateway within the Everett Avenue Urban Renewal District;
- Conclude negotiations and secure a commitment from a major biotechnology company to undertake a major local project;
- Assist the developers of Forbes Industrial Park to work through a number of issues and get the first phase of their 225-project open by year's end;
- Oversee the completion of the Home Depot project and support the remaining retail build-out in Parkway Plaza;
- Secure permitting approvals that lead to a late summer/early fall groundbreaking for the 234-unit residential project in Parkway Plaza;
- Facilitate the groundbreaking for the new Market Basket and complete the land use and transportation study of the Mystic Mall and the Everett Avenue corridor;
- Secure a development agreement for the former junkyards on Everett Avenue and Vale Street;
- Select a developer and facilitate permitting for an early 2007 groundbreaking of residential development of between 400-600 units in the Chelsea Residential Overlook Project area;
- Complete infrastructure activities on Spruce Street that support the EAURD;
- Advance actions necessary to support the various residential projects in the pipeline that are consistent with the City's 1,200-unit development goal by the end of FY'08, and undertake further activities to advance additional projects that are supportive of the goal;
- Collaborate with the Massachusetts Highway Department on resolving any outstanding issues regarding the Williams/Beacham Streets Project in an effort to get that major roadway construction project that supports both local and regional commerce underway;
- Collaborate with the Massachusetts Highway Department on the completion of the Eastern Avenue Project and ensure all necessary supports to businesses along Eastern Avenue, and
- Undertake in partnership with Revere the next phase of study regarding the maritime feasibility of land along the Chelsea River.

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PUBLIC SAFETY FUNDAMENTAL

2005 Highlights

- Completed the installation of 34 surveillance cameras around the community, including 27 public safety cameras and 7 homeland security cameras, as one of numerous items addressed through the City's 14-point plan on public safety;
- Developed, advocated for and secured State passage of an \$11 million Community Safety Initiative, focusing State support on regional efforts to address prevention, enforcement, prosecution and incarceration activities;
- Conducted successful summer campaigns, Operations Safe Haven and Safe Passage, as part of the City's Special Tactical Operations Program outlined in the 14-point plan on public safety;
- Completed renovations of the Central Fire Station, which was subsequently dedicated in honor of former Fire Chief Herbert Fothergill;
- Secured a grant to improve fire communications and the use of technology to better improve information for firefighters at working fires, and
- Implemented the R-911 service that allows for emergency calls to be broadcast from the City out to homes and businesses.

Discussion

Measuring progress in the public safety ranks may be the most difficult of all municipal measurements. Statistics are kept on how many violent crimes occur, but not on how many were prevented. Are more arrests a sign of progress, in that the Police Department is excelling at enforcement, or a sign of failure, in that more crimes are being committed? And to what extent is an increase in criminal activity a snapshot of what is happening in society as oppose to a condemnation of local law enforcement efforts?

Those are all valid questions that can result in many different impressions about progress in the Police Department. Similar questions could be asked about the Fire Department, i.e. are fires down because of increased fire prevention or the randomness of fires overall. The Director of the Inspectional Services Department recently depicted to a newspaper reporter the daily uncover of illegal rooming houses locally, while a neighboring community claims to have none. Is it that the local experience is a result of prioritizing the issue as oppose to ignoring it? Can E-911 answering more calls for service be called progress? If, fortunately, there are no major storms or manmade acts of terror, how is Emergency Management to measure its progress?

Yes, progress in the end may be tough to measure in public safety circles. However, efforts to combat violent crime, improve Fire Department technology, conduct coordinated inspections, better staff a new department and exercise plans can all be considered progress if the end goal has been realized and the impact of strengthening the laws and coordinating the responses is likely to address a particular area of need. Gang issues exist locally, as they do in communities throughout the region. The existence of those issues should not suggest a shortcoming in the Police Department, unless that department is ill-equipped to deal with the problems. On gangs, and in so many other areas, not only

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are local public safety officials prepared to take on each and every problem, but, in many cases, their expertise is often sought to help other communities to ramp-up to address their very same needs. The latter is particularly insightful, and should provide comfort to local residents and businesses that the City's public safety forces and initiatives are good, if not the best that is offered anywhere.

POLICE PROMOTING PUBLIC SAFETY

An ambitious agenda was laid out for the Police Department in 2004 and 2005. The charge was to accomplish 14 specific tasks on the way to enhancing public safety locally. Almost all were, in fact, accomplished, with only three, securing funding for additional security cameras for the Chelsea Housing Authority, the completion of accreditation and the establishment of a motor vehicle fraud initiative, not being fully achieved by the end of 2005. The CHA camera initiative failed when state grant funding was not secured. The push towards accreditation, though, is still being made. In fact, the City is encouraged that the requirements are so rigorous that it has taken several years to achieve certification and be only steps away from accreditation. That is, because once achieved, accreditation will mean much more than just receiving a certificate to be hung on a wall. Lastly, the coordination on the motor vehicle fraud initiative has been completed, with the initiative now being operational for 2006.

While the CHA camera plan was not successful, the effort to install 34 surveillance cameras throughout the city caught state and national attention. 27 "public safety" cameras, paid for through City funding, and 7 "homeland security" cameras, supported through a federal grant, are what will be referred to as the first phase of camera installations. Those cameras were turned on this past October, and, after much notation, the city enjoyed one of its most quiet Halloweens in recent years. Glitches are still being worked out of the new system, which transmits real time images to Police headquarters and allows for a digital record to be stored for up to a month's period of time. As the punch-list of issues dwindles and training of officers continues, Police officials are discussing methods to augment the system with additional cameras. In fact, at least one conversation is ongoing with a condo association about a joint project to place cameras on the building to view the public ways, and tying those cameras into the City system. Meanwhile, another phase of acquisitions with City and federal funding is being considered, but the City first wishes to assess the impacts of the first 34 cameras before proceeding any further. That assessment should be accomplished in the first half of 2006.

Other 14-point tasks fully implemented in 2005 include: the expansion of the traffic unit to include nighttime and early morning hours; the elevation of the gang officer to a full-time position; the completion of a crime pattern study; the expansion of the criminal investigations officer to a full-time position, the institution of a Special Tactical Operations Program; the hiring of a Weed & Seed director, and the relocation and expansion of E-911. Together with those items that were accomplished in 2004, namely: the opening of a gang substation and supporting the Suffolk County District Attorney's Family Justice Center and the Suffolk County Sheriff's Training Center, the 14-point plan for increased public safety has improved the Police Department's abilities and effectiveness.

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POLICE DEPARTMENT “SEEs” TO PUBLIC SAFETY IMPROVEMENTS

For 2006, the City seeks to build off of the success of the 14-point plan by extending several of the initiatives even farther. Through the Chelsea Police Department Supplemental Enforcement Efforts (SEEs) Program, additional initiatives will continue to focus on making local streets safer.

A second full-time gang officer will be hired and the Weed & Seed director will provide administrative support to the gang unit. It is hoped that the Community Safety Initiative adopted by the State in 2005 will provide funding assistance for that expansion of the gang unit, as well as provide funding for other local and regional programs undertaken cooperatively to promote prevention, enforcement, prosecution and incarceration initiatives. CSI was developed by the Metropolitan Mayors Coalition, in cooperation with the leadership of the State Legislature and the Governor’s office. The City was a driving force behind the initiative, providing leadership in drafting and advocacy. This past fall’s Metropolitan Mayors Coalition’s Community Safety Summit in Boston, for example, placed several local leaders at the front of the dialogue that took place among city, county and local officials, including Lieutenant Governor Kerry Healey, Middlesex County District Attorney Martha Coakley and Suffolk County District Attorney Dan Conley. The CSI’s legislative sponsor, local State Senator Jarrett Barrios, was able to steer through to adoption an \$11 million appropriation, which many pointed to as a “good first step” towards making the state’s neighborhoods safer. With the appropriation secured, the Metropolitan Mayors Coalition expects to submit a regional application for funding once the State completes the program regulations and issues a request for proposals.

The Special Tactical Operations Program may also see some CSI funding. Whether it does or not, STOP will work in conjunction with the expanded gang unit to undertake further operations in 2006. In addition to exercises to address activities like drugs, alcohol, prostitution and warrant sweeps, the City anticipates initiating another round of targeted enforcement activities like those that took place last summer during Operations Safe Passage and Safe Havens.

A closer look at Operations Safe Haven and Safe Passage may demonstrate the value of the STOP priority. The combined, summer long initiatives had a specific mission, that being to bring multiple law enforcement agencies representing local, state and federal authorities into the city to create “safe havens” in the local parks and neighborhoods using a “no-tolerance” approach toward law enforcement. The approach was aimed at suppressing gang activity and enforcing state laws and city ordinances. The Chelsea Police Gang Unit operated with the assistance of the Federal Bureau of Investigation, US Immigration and Customs Enforcement Agency, Chelsea Police Vice Unit, Chelsea Police Criminal Investigation Division, Chelsea Police Patrol Division, State Police Gang Unit, State Police Fugitive Apprehension Section, US Marshals Service, Boston Police Department and the Chelsea Housing Authority to successfully achieve all operational goals. The task force was responsible for dismantling two known gang “safe houses,” apprehending two fugitives wanted for murder, executing three search warrants on known drug houses, participating in the nationwide initiative, “Operation Community Shield,” and facilitating regional gang intelligence meetings.

Additionally, from the end of May through the beginning of September, 114 arrests were made for

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offenses that included trespassing, weapons violations, drug activities, public drinking and prostitution. 198 Field Interview and Observation (FIO) reports were compiled and used to identify individuals that belonged or associated with gangs that operate in the region. A total of 54 dangerous weapons were confiscated.

In support of a similar initiative this upcoming summer and for other STOP initiatives, the City will increase manpower at critical times of the year. Instead of hiring more police officers who work regular shifts, for example, the City will expand the number of police on the street by utilizing overtime shifts for peak period prevention and enforcement initiatives. Although some are critical of increased overtime spending, ramping up staffing for peak period or targeted operations provides the Police Department with the maximum flexibility to promote greater public safety.

Combating insurance fraud is also front and center for the Police Department in 2006. A partnership between the Suffolk County District Attorney's Office, the State Attorney General's Office, the Insurance Fraud Bureau and the Police Department has been formed to attack insurance fraud locally as it has been successfully addressed in several other cities around the commonwealth. Insurance fraud, ranging from improper out-of-state car registrations to faking automobile accidents, is against the law and also drives up insurance rates for safe and honest car owners. Ample evidence exists that suggests that insurance fraud is a major local problem, including a study conducted by the Insurance Fraud Bureau that indicates that a local car accident is twice as likely to result in a personal injury claim as the statewide average. A task force on insurance fraud will be operating locally, investigating claims, examining registration data and taking a closer look at businesses typically involved in insurance fraud, including auto body shops and chiropractic and law offices. In its highest profile effort to date, the Insurance Fraud Bureau was able to utilize a similar task force to secure numerous indictments and provide motorists of that community with a 60% reduction in their insurance premiums.

In addition to the review of the effectiveness and possible addition of the current camera system, the Police Department will also review emerging technology that will aid in combating traffic violations. Making the streets safer for motorist will simultaneously drive down insurance costs and promote safer neighborhoods. The motor vehicle violation cameras could not only allow the City to address traditional enforcement activities, like running a stop sign, but may also allow for better management of truck routes. The latter could get more trucks out of the neighborhoods in which they do not belong.

CPD SEEs will also result in further crime data analysis. The City is working through the Metropolitan Mayors Coalition to piggy-back upon a study performed on a subset of communities to help the local department better analyze local data and address enforcement issues accordingly.

GAINS IMPROVING FIRE RESOURCES

On the fire-side, the much discussed improvements to Central Fire Station were completed in 2005. The \$1.3 million project resulted in health, safety and accessibility enhancements, including bringing the building fully into compliance with all applicable building codes. At an event this past

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November, Central Fire Station was dedicated to former Chief Herbert Fothergill, who retired in 1988, capping a 42-year career that spanned the most decisive decades in the history of department. The dedication was a fitting tribute to a leader whose vision ushered in a new era in modern firefighting for the local department, many aspects of which were replicated by other fire departments around the country. For example, the mutual aid system that has become critical in battling large fires was envisioned by Chief Fothergill. His efforts to bring together chiefs from 34 departments to pool their resources in formal agreements that eliminated jurisdictional impediments eventually led to today's Metrofire Mutual Aid Network.

Another capital program being focused upon in the Fire Department is provided for through a federal homeland security grant to enhance communications and especially transmit data to those battling working fires and other emergency scenes. The \$176,000 in funding improves interoperability and allows firefighters on the scene to review an automated records management system, that, among other items, would provide valuable details on occupancy records, hazardous materials storage, hydrant locations and floor maps. Interoperability is a major priority for the City's public safety forces, as well as those around the country. The local advance also allows the Fire Department to patch into a larger network should a regional issue take place, as well as a local network in cases where the City's firefighters are providing mutual aid in a community with which they are less familiar.

As that continues, the Fire Department continues to provide excellent service to the residents and businesses of the community. Thankfully, the department enjoyed another year without a fire-related death. Fire prevention activities continue on, especially given the City's aggressive economic development agenda. Hazmat preparedness has been put to the test in 2005 and early 2006. A release of product at the Gulf Oil facility on Eastern Avenue, a release into the Mystic River at Chelsea Terminal and a spill that appeared most recently at the Admirals Hill Marina have required responses.

OTHER PUBLIC SAFETY EFFORTS ARE DOING THE JOB

The three oil releases also pressed the Office of Emergency Management into action as well. As ably as the Fire Department, OEM handled the incidents without a hitch.

A major initiative of the City's homeland security participation was the rollout of the R-911 system in 2005. That system allows for calls to go out to residents and businesses in the case of an emergency. The City's test of the system showed several weaknesses in the overall performance of what can be a very useful emergency management tool. A troubleshooting team, including participation from the City's Information Technology Department, is seeking to "work out the kinks" and get the system up for another trial run in early 2006.

In the area of public safety, reference needs to be made to the City's Inspectional Services and Public Works Departments. ISD inspectors continue to perform the routine while simultaneously addressing a host of building code and occupancy issues that threaten individuals and the entire community. Hopefully, DPW staff will not be subjected to the same winter call-outs as last year, as

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27 different operations took place during the winter of '05. One caller during one of those operations remarked at how clean the streets were from the evening's snowfall until she got to the next city and then the one after that. DPW work on capital improvements continues to make the streets and sidewalks safe for one and all.

Summary

Public safety officials continue to manage needs for local protection and contribute to regional dialogue on homeland security issues. A spike in violent acts by youth in the region has also had an impact locally. Police, though, have stepped up enforcement activities to meet the challenge, and a series of newer initiatives, including the installation of 34 surveillance cameras throughout the community and two expansions of the gang unit, are meant to provide local law enforcers with even more resources. As the Fire Department continues to excel at prevention and suppression activities, updated equipment and technology will allow firefighters to be even better prepared and more efficient in their responses. Public safety officials are collaborating on quality of life issues and attacking code violations, especially illegal rooming houses. Together, the work of the City's public safety officials is making progress on multiple agendas possible.

2006 Goals

- Undertake an assessment of the camera installation program and consider additional camera purchases or other means to expand the coverage of the system;
- Advance the goals set forth in the Chelsea Police Department Supplemental Enforcement Efforts (SEEs), including adding a second full-time gang officer to the gang unit and directing the Weed & Seed director to provide administrative support for the unit; expanding Special Tactical Operations Program activities in 2006; combating insurance fraud through a partnership with the Suffolk County District Attorney's Office, the State Attorney General's Office and the Insurance Fraud Bureau; reviewing emerging technology utilizing cameras to enforce traffic laws, including truck routes and neighborhood speeding, and expanding upon earlier work done on advancing the effectiveness of crime mapping;
- Complete the interoperability enhancements in the Fire Department which will allow firefighters more timely and accurate information in order to protect themselves and the public, and
- Address weaknesses in the R-911 system detected during the first trial of the new communications system.

COMMUNITY DEVELOPMENT

2005 Highlights

- Advanced the HarborCOV project through to construction to create 24 units of supportive housing for survivors of domestic violence as part of its goal to site 50 such units through its "Community Housing Initiative;"
- Collaborated with Chelsea Neighborhood Housing Services on complex activities undertaken to a substantially new residential neighborhood on Gerrish Avenue;

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- Secured an \$88,000 contribution to the Affordable Housing Trust Fund as a result of the 77-unit Mill Creek Condominium Project;
- Supported the Chelsea Summer Youth Employment Program, allowing the program to reach more than 250 participants this past summer;
- Collaborated with the Chelsea Summer Youth Employment Program on a Youth Summit, which was attended by 350 youth this past summer;
- Assisted in the organization of programming for National Youth Violence Prevention Week this past April;
- Supported the efforts of Roca to establish Tacos Unidos, a social purpose business venture introducing youth to the business world through a non-profit taco business;
- Supported the organization of the Chelsea Young Marines program;
- Completed an analysis that indicates that 96% of the 49 students who have attended the local public schools from kindergarten to high school graduation passed their MCAS examinations and more stringent local graduation requirements;
- Celebrated the highest percentage ever of local 4th graders, almost 90%, and 10th graders, more than three-quarters, passing the English Language Arts MCAS test, as well as 163 local students earning “Advanced” scores on MCAS exams;
- Earned accreditation for the local Senior Center;
- Completed improvements at Voke Park;
- Managed expansion of the Community Schools Program, allowing it to serve more than 1,500 individuals weekly, and
- Held a telethon to support American Red Cross relief efforts to provide support for Gulf State residents impacted by Hurricanes Katrina and Rita.

Discussion

Ultimately, the goals of the City’s other Fundamentals are meant to provide the impetus for achievement on the City’s Community Development and Neighborhood Enhancement Fundamentals. Community development, helping individuals and families improve their lives, is a wide reaching concept that captures core municipal responsibilities, like providing quality schools, as well as those upon which progressive municipalities should and do focus, like combating domestic violence. While much attention has been necessarily focused on the City’s financial strength, equally as much attention, if not more, is placed on how the City is doing relative to how local residents are doing.

Community development issues are almost endless: job training, day care, English as a Second Language, drug dependency, adult basic education, mental health, nutrition, affordable housing, domestic violence and on and on. Candidly, a small municipality is not capable of addressing each and every issue adequately. Locally, the City focuses directly on some and works with community partners to address many more. In fact, if not for the work of those community partners, many, many community development issues would not have the extensive responses that do currently exist locally. The leadership of those stakeholders is truly invaluable.

Considerable City time and resources focuses directly on affordable housing, domestic violence, at-

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risk youth and education. That focus is done interactively with a number of community organizations and others supporting their causes. Together, the strength of those partnerships, the vision of their leaders and the duration of the focus is allowing for real progress to be achieved.

In short, money is not readily available locally. What is in overabundant supply, though, is outstanding leadership. In several cases, it is appropriate to claim that local agency leaders are among the very best in the state, if not nation, at what they do. That leadership is keeping the focus of attention on the “right way” of attacking issues, and pushing the City and its partners further along towards even more spectacular achievements. Not by coincidence, as the community achieves more recognition for such work, more and more agencies and philanthropies are now considering local agencies for programmatic financial and technical support.

THE COMMUNITY FIGHTS DOMESTIC VIOLENCE

By some accounts, the community’s embrace of an anti-domestic violence agenda is among the best ways of defining what City government can help to achieve. Once an issue without a champion, the City, the Chamber of Commerce and many other stakeholders are not only saying that violence against women and their families is wrong, they are also combining to put their considerable talents together to push for an end to the physical, sexual and psychological abuse that threatens individuals, destroys families and jeopardizes the entire community.

To wit, the annual “Taste of Chelsea” event may be the premiere local fundraising event of the year. This past year, the second annual event resulted in \$20,000 being directed back to HarborCOV, the city’s leading domestic violence agency. The annual community breakfast held during October’s Domestic Violence Awareness Month is another terrific example of overwhelming community support. The breakfast has become so large an event that its venue has been changed to the largest function hall in the city to accommodate the large and supportive crowd.

The City and HarborCOV are active in advancing the latter’s “Community Housing Initiative” and its goal of creating 50 units of community-based housing to protect the abused and support their families in safe transitions to better lives. 30 units are now operational or under construction, including the 24-unit new construction project at the site of the former Wells Fargo building on Washington Avenue. That project has been among the most contemplated and time-consuming the City and HarborCOV have faced, yet the stakes were so high that the effort needed to be made. Its opening in late 2006 will be another significant milestone in the journey that sufferers of domestic violence once had to face alone. Another project, the conversion of the former Cottage Manner Nursing Home on Shawmut Street to offices and temporary housing is also ongoing and whose progress is reflective of strong community bonds. As those projects continue, the City/HarborCOV partnership will be identifying the next project to be undertaken to reach the ultimate, 50-unit CHI goal.

PROMOTING AFFORDABLE HOUSING

Is there ever enough affordable housing in a community that boasts almost 100% more affordable

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units than the statewide average and more than all but three other Massachusetts communities? The local answer from Councillors, community activists, many residents and the City Administration is no, and that more can and should be done to provide for greater affordability in the community. Affordability has been greatly challenged over the last several years, as the record run-up in property values has made the community the least affordable it has ever been. Properties that once could have been developed into low cost housing are now being sold at record highs, with the intention of many of the new owners to develop those properties with an eye towards maximizing their return on investment. Once a place where anyone could afford to live, both market-rate homeownership and rental costs are increasingly beyond the means of many families. That trend has the City working with its affordable housing partners to undertake many projects, including one that promises to transform an entire neighborhood.

The City is not an actual housing developer. Instead, through visioning, financial advocacy and technical assistance, the City works with local non-profit housing developers and others to achieve affordable housing goals for the community. There are actually many who are involved in one way or another in meeting the challenges that an affordable housing project can present. Together, though, the affordable housing team is a formidable force for individuals and families in need of affordable, quality housing. Especially important to the City's affordable housing agenda are Chelsea Neighborhood Housing Services and Chelsea Restoration Corporation, on the local level, and the Massachusetts Department of Housing and Community Development, North Suburban Home Consortium and the Community Economic Development Assistance Corporation. The Chelsea Housing Authority has provided outstanding service on its own affordability issues. In the community, the Affordable Housing Task Force has joined several City Councillors in making sure that voices in need are being heard.

As part of the 1,200-unit goal for overall housing starts by the end of FY'08, the City has set a goal of 15% of those units being affordable. Make no mistake, the achievement of 180 affordable units through the 1,200-unit initiative is no where near the 500 units a year the Affordable Housing Task Force has suggested should be built. Nonetheless, the combination of rising values and limited development opportunities have most, if not all, understanding that the 15% goal, plus the additional units created or maintained yearly by the City's traditional housing advocacy, represents a significant step in the right direction.

If the goal is 180 units, the City is making great headway in the process of permitting the construction of projects that will provide for that affordability. A total of 128 could be under construction in 2006, including 17 at the Mary C. Burke School, 23 at the Till Building, 23 at Parkway Plaza and 65 at various sites in the Gerrish Avenue neighborhood.

The big news is the Gerrish Avenue projects. If not for the enlightened and highly competent leadership of CNHS, the 65 units, featuring both rental and homeownership opportunities, and a companion 56-unit market rate loft project, could never have been achieved. Its complexities seemed insurmountable at one time. However, the development team, including the City's housing director and the for-profit partner, was able to overcome the many obstacles and produce what is a project that several have talked years about doing, but were unable to accomplish. In addition to the

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affordable housing aspects, the project is also exciting because it will create a new and cohesive neighborhood where one has not existed for decades.

To support additional affordability projects, the City's Affordable Housing Trust Fund has just received \$88,000 as a result of the Mill Creek Condominium Project, and is in line to receive \$100,000 when the project at Admirals Hill begins construction. Those two contributions, together with the \$140,000 received from the Spencer Lofts project, would provide the Affordable Housing Trust Fund Board to be organized in March with \$328,000 to support additional affordable housing projects locally.

Outside of the major development activity, the City continues to work with its affordable housing development partners on several other opportunities. Five units at 583 Broadway to be undertaken by Chelsea Neighborhood Housing Services will begin construction this spring. As many as six more units are being discussed, with ownership and funding being lined up to do the projects in 2006. Other smaller market rate projects with affordability requirements are likely to get underway in 2006 as well.

In 2006, the City also hopes to advance an initiative it has long sought to undertake. Single Room Occupancies (SROs), or rooming houses, often carry with them negative connotations. However, done right, the City believes that a quality and affordable living environment can be provided, especially for single workers who are holding a job locally and require basic housing that makes their commute to work walk-able or assessable via public transportation. A "worker housing" project is being contemplated with a leading SRO non-profit. The City may also seek a community employer to form a project team. That project, maybe providing 24 to 48 units of housing, could feature individual bathrooms and small kitchens, providing both affordability and independence for workers who may seek both in a SRO.

FOCUS ON YOUTH

As much as any issue, issues impacting youth are at the forefront of the City's thought. For that matter, the same could probably be said about the entire community, and that is a good thing. As a community, residents and other stakeholders remained concerned about the status of local kids in 2005. While education issues typically make it on anyone's list of concerns for youth, local lists probably resemble those that would also be compiled in many other urban and an increasingly growing number of suburban communities in Massachusetts and around the country. Gangs, substance abuse and employment, therefore, join education and recreation as issues of particular focus for the City and its community partners. The City, through its CHAMPION Youth coalition and other initiatives, has sought to advance community programming that addresses these and other priority issues.

Although issues facing local youth are quite numerous, the resolve to have a positive impact on those issues is equally as strong. Work with Roca, the Jordan Boys & Girls Club, the Chelsea Collaborative, the Lewis Latimer Society, many youth sports organizations and the Chelsea School System is producing a community response that may be unparalleled in Massachusetts, if not the

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country. However, there is also a seemingly universal belief that more needs to be done to fill in the gaps and provide as many kids as possible with the shelter and tools to reach their fullest potential.

FOCUS ON YOUTH - SUMMER JOBS AND A YOUTH CONFERENCE

One of those unique undertakings is the Chelsea Summer Youth Employment Program. The partnership organized by the Collaborative, with active participation by the Chamber of Commerce, Hyams Foundation, Massport, the City and numerous others, completed its third year of offering summer jobs to local youth this past summer. The program provides 16-hours of employment over four days and a “fifth day” of programming that emphasizes education and leadership development. More than 250 participated in the program last summer. So successful has the program been that the City has advocated for its replication elsewhere through the state.

Fulfilling a goal of the City and its partners, the Summer Youth Employment Program organized its first Youth Summit. That summit was attended by 350 youth and had as its primary objective the goal of having attendees learn more about cultural diversity, racism, violence and their consequences. After hearing from many adults, the youth, themselves, took charge and developed recommendations as to how to promote a violence-free school year and a community more engaging of young people.

Youth attendees were asked to complete an evaluation form. 77% of the respondents said that the summit helped them better understand causes of violence in the city; 71% said they learned to pay more attention to their own actions as young people, and 80% said they would attend a summit again if one is held in 2006.

Almost thirty recommendations came from the youth and were presented to community leaders. Those recommendations, from more jobs in the winter time to bringing a movie theatre to city, are being reviewed for possible action for 2006 and beyond. Additionally, youth offered their own “violence-free” pledges, many of which were displayed during the summit or elsewhere in the community since the summit.

Given the dialogue youth had with adults and each other, the City hopes the Youth Summit becomes an annual event.

FOCUS ON YOUTH - YOUTH VIOLENCE WEEK

Preceding the Youth Summit by several months was the holding of a Youth Violence Prevention Week in April. The Boys & Girls Club, Roca, the Latimer Society, Weed & Seed and Chelsea ASAP held programming in coordination with the National Youth Violence Prevention Campaign. A highlight of the week was a “girls only” session with Suffolk County Sheriff Andrea Cabral. Other events included a basketball camp and a dance. The focused activity and consistent theme proved to be another successful way to keep reinforcing the work of other events and organizations in the community’s campaign against violence.

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FOCUS ON YOUTH - SPOTLIGHT ON NEW YOUTH PROGRAMS

Two highly innovative programs being organized by Roca and its funders have received City endorsement in 2005 and a pledge of further City support in 2006. Tacos Unidos combines pre-employment learning opportunities and creates transitional employment for very high risk young people. A so-called "social purpose venture," Tacos Unidos is a taco selling business, involving youth participants in every aspect of the enterprise. To help advance the initiative, the City has granted Tacos Unidos a no-cost lease at the Highland Park concession stand. Meanwhile, the Transitional Employment Program to be started this March is an outgrowth of years of discussions between Roca and the City about employment opportunities in the service sector for youth ranging in age from 16-24. Youth who are court or state program involved will "work" in the program, learning important skills and preparing themselves for a better life and a greater contribution to society. The City will venture to hire a "crew" to perform a variety of local tasks in support of traditional City operations. Both programs are receiving substantial City technical support and recommendations to funders for program sustainability.

Another worthy of mention is the Chelsea Young Marines program. Founded locally by a local firefighter, the program is affiliated with a national not-for-profit youth education program. Boys and girls, from 8 years old, participate in a military-based program that stresses character building through a combination of self-discipline, teamwork and leadership. The program stresses a healthy, drug free lifestyle. Two graduating classes are now active, with a third being organized. The program has relocated to the Boys & Girls Club to better meet the needs of its participants and their families.

FOCUS ON YOUTH - IN SCHOOL

In his "State of the Schools" address, Dr. Thomas Kingston, Chelsea School Superintendent, noted that urban school systems in Massachusetts, including the City's, face a severe shortage of state funding. In real dollars, the local system has lost nearly \$16 million over the past five fiscal years, and with that loss of money has come a loss of valuable teachers and resources. Furthermore, Massachusetts school districts suffer withering federal grants and resources; and are incurring increasingly punitive measures for failing to make "Adequate Yearly Progress" under the federal *No Child Left Behind Act*. State MCAS expectations are similarly increasing the pressures being felt in schools districts.

Yet, despite all the negatives, local schools are succeeding. In fact, for students who stay in the system and take serious the advantages the local school system has to offer, there is much promise. A study of graduates of the Chelsea High School Class of 2005, for example, indicates that 49 students had been students in the local public schools from kindergarten through their senior year. Of those 49 students, 47 were among the 193 CHS graduates who passed the MCAS exams, who fulfilled all the high school's more stringent graduation requirements and who received a full state-endorsed CHS diploma. Ninety-four percent of the long-term local students got the diploma, a percentage higher than the graduation rate for all students statewide, not just locally. Yes, a quality education is available in the City's public schools for those who seek one.

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Improvements in reading of elementary schoolchildren have been secured through the hard work of teachers and administrators within the Reading First program. That program has been extended beyond the Early Learning Center and Kelly School to all elementary schools with most promising results. The Core Knowledge Curriculum is in place kindergarten through grade 8, and it is matched to the state curriculum frameworks. Administrators expect that middle school students should begin to see improvements in their math achievement, not only because of the ongoing success of the Project Challenge program for some of the system's most promising students, but as well because of the overall improvement in math instruction through the state-awarded Comprehensive School Reform grant. The district has also been recognized as one of five districts statewide to receive a school leadership development grant, which will help ensure that highly competent school leaders will continue to promote real student achievement locally.

Fourth graders, scored at average for all Massachusetts students, an achievement that ignores demographic factors that suggest that such achievement is not possible. The 4th graders' feat is an excellent achievement for any school district, not just an urban school district. Almost 90% of local 4th graders passed the English Language Arts test, the highest percentage locally to date. In the 10th grade, for the first time ever, over three-quarters of local students passed the MCAS for English Language Arts, and more than two-thirds passed the mathematics exam.

Overall, 163 local students earned "Advanced" scores on MCAS exams, the highest number ever. That compared to just 80 four years ago. 24 seniors are eligible to receive the state's John and Abigail Adams scholarships. Those John and Abigail Adams scholars have earned the privilege of receiving 8 tuition-free semesters at any of the Massachusetts state colleges and universities at which they are accepted. To receive this honor, the scholars had to meet three conditions: they had to score in the Advanced category in either the Mathematics or the English Language Arts section of the grade 10 MCAS test; they had to score in the Proficient or Advanced category on the second subject (Mathematics or English Language Arts), and they had to have a combined MCAS score on these assessments that ranks them in the top 25% of the students in their school district.

Three basic principles exist for the Boston University/Chelsea Partnership that is managing local schools: students should be ready to learn, teachers should be prepared and equipped to teach and important subject matter must be taught and learned through a coherent plan of instruction. Statistical indications aside, a solid public school education is being afforded in the City's school system, making the local district among the state's best urban districts. Despite the challenges, students and their teachers and administrators are rising to the challenges and providing for a quality education. Also encouraging is the rate in which parent participation continues to drive attendance at school functions and proficiency in student learning.

FOCUS ON YOUTH – AFTER SCHOOL

So satisfied is the City with the direction of the school system that more attention is being committed to creating a more enriching after school environment. This focus has been prompted by several happenings: community public safety meetings, City Council input and the continuing advocacy of the Hyams Foundation. On the latter point, Hyams has been holding discussions with community

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residents and leaders about a potential after school program that it would co-fund with its partners. The City cannot overvalue the importance of such a tremendous commitment.

The general feeling among City officials and the residents they represent is that additional after school programming is necessary to provide school children with safe havens during the three- to four-hour period between school and most parents returning home. Criminology studies seem to back up the concerns, as the hours from 3-6 pm are when most youth get into mischief or worse. Fortunately, a number of programs are meeting the needs of hundreds of youth during this period. In particular, the Boys & Girls Club does a terrific job. However, despite those efforts, the City and its partners believe an unmet need still exists.

The City is therefore endorsing the Hyams effort, while committing itself to doing more. In February, a \$250,000 grant application will be submitted to the federal government for funding through the Gang Resistance Education And Training (GREAT) Program. Additionally, should prevention money become available through the State's Community Safety Initiative, again, as supported by the City through the Metropolitan Mayors Coalition, that money would first be directed to augment an after school program. Lastly, in conjunction with the Hyams initiative, the City will make a yet to be determined financial pledge as part of the FY'07 budget to advance an after school initiative.

These after school programs will support prevention efforts and be focused on grades 4-10, with a high priority given to 6th, 7th and 8th graders. Because the design of a program is not complete, there is much work to be done. It is unlikely that a fully designed program could begin to offer services to kids when school restarts this September. However, it is the City's goal, and shared by the School Department, to have some program in place during FY'07.

Meanwhile, the prevention efforts above may be almost devoid of any intervention efforts for local kids. Through CHAMPION Youth, and together with the City's partners in youth services, the City hopes to identify working strategies for intervention that can be administered and funded separately from the middle school prevention initiative. The intervention effort(s), though, will be part of an integrated approach to dealing with the issue of after school programming.

Also, as it relates to kids, the City is investigating a "fee-based" summer program. The program should resemble a typical "recreation" program offering, where kids attend a school, play games, maybe be exposed to some positive messages, and basically be looked after during the daytime hours of summer vacation. Perhaps a sliding scale enrollment fee can be developed. Given the City's current financial situation and the commitment to an after school program, City funding may not be available to support this initiative. That is still to be determined. What is for sure is that the City believes a fee-based program could meet the needs of many local families, and thus the City will attempt to develop such a program. A detailed proposal should be unveiled by the end of April.

ADDRESSING ADDICTIONS

The work of Chelsea ASAP and the Lewis Latimer Society around addictions is addressing that

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pressing need in the community, especially amongst youth. Through two separate State grants, that collaboration, which has been supported by the City and other community based organizations, is reaching out to kids who may be at risk or are already users of tobacco, alcohol and drugs by training peers to be leaders in the community. Not only is the peer group focused on other youth, but together with their adult mentors they have been able to organize discussions with pharmacies to better educate them on drug abuse. At a community meeting in 2005, a packed hall heard from community advocates and leading legislators on the subject of drug abuse. The collaborative is rightly pushing for more community education and for an addiction-free environment for all the youth of the community.

SENIORS DESERVE THE BEST

Yes, a great deal of effort is being placed on meeting the needs of the community's youth. But what about seniors? Well, a significant commitment to seniors is one that continues to be championed by the City Council: no matter how difficult the City's budget problems, the Senior Center must stay open. That is a mandate the City is honoring, and is pleased to do so. But, being open may not be enough, as the Council, Administration, senior advocates and seniors themselves want and deserve more.

The City believes in planning first and then acting from there. Two years ago, the City challenged the staff of the Senior Center to seek accreditation for the local program. By doing so, it was the feeling that any weaknesses in local programming could be identified and then targeted for strengthening. Well, two years later, the City has just been informed that the Chelsea Senior Center has been officially accredited by the National Institute of Senior Centers and the National Council on the Aging. Accreditation is a tremendous honor and reflective of the great programs being offered at a welcoming place that is run by terrific managers for the benefit of some truly special people, the seniors of the community. The local senior center becomes one of only seven in the entire state to be so recognized.

In confirming the accreditation, the Accreditation Board noted that the Chelsea Senior Center is being commended for: "its dedicated and talented staff, outstanding community collaborations, excellent monthly publication, large corps of dedicated volunteers, bilingual staff, and good outreach and resource materials." Recommendations on how to make the experience an even more extensive and enjoyable one for local seniors are now being reviewed for possible implementation in 2006.

Accreditation aside, the City is seeking to fill positions in its Senior Tax Work-Off Program and offer positions to other seniors who may not be homeowners but who wish to "volunteer" in service to the community. Through the Council on Aging, applications will be available in March for a program to begin in July to welcome new senior homeowner aboard on the program that credits \$750 against their annual taxes. A new provision in the program will create a separate stipend for seniors who are renters. The new provision, along with the search for additional senior homeowners to participate, is reflective of the joy City Hall staffers have experienced in working with local seniors, and the great pride those seniors seem to accumulate in making a contribution to the City.

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COMMUNITY INFRASTRUCTURE CONTINUES TO MAKE GAINS

Facilities serving the community continue to be in great shape. The last to open, the CAPIC Head Start Center, is now operating at capacity, providing pre-schoolers with valuable educational and nutritional offerings, while also helping newer parents learn more about their very special roles in the lives of their children. From pre-school to seniors, and almost everywhere in between, the community is served by many tremendous facilities. In fact, arguably the community's need for indoor spaces is being met.

Outdoors, though, may be another story. Many improvements have been made over the years. In what should be great news for the summer of 2007, the State, at the prompting of Senator Jarrett Barrios and Representative Eugene O'Flaherty, has scheduled the Department of Conservation and Recreation Pool on Carter Street for reconstruction beginning this spring. That long awaited announcement will be welcomed news for kids who have little cooling opportunities during the summer months now. The pool will be replaced on-site, but new design elements will make the pool more "swimmer-friendly" to toddlers and adults alike.

Next to the pool, the artificial turf field at Chelsea Memorial Stadium continues to be the talk of the region. So successful has that project been that the City is committing to undertake a study to review the possibility of placing an artificial surface at Highland Park. That surface would primarily support soccer, but have the ability to be utilized by Pop Warner for some team practices. The project is being prioritized by the Council and supported by the Administration. A feasibility study will begin shortly on what could be a \$1 million investment to allow more than double the hours of current play to take place at the heavily used park. Besides the additional hours, the quality of the new surface versus the poor surface that currently exists will greatly enhance the overall playing experience. If undertaken, the City is also likely to fund a staff position at the park to help maintain the field and related facilities. Part of the feasibility will examine the current fee structure and what increases, believed to be nominal, would need to be implemented to make the field project affordable. Also, major donors will need to be sought to offset a portion of the initial cost. One promising discussion is currently underway to that end.

Bids are currently out for the improvements to Merritt Park to support Little League play. The City and Little League had hoped that those improvements would have been made for play last season, but a variety of factors held back the program to install lights, a concession stand, restrooms and bleachers. The improvement program, which is being graciously managed by the School Department, is being funded in large part by a grant related to the Home Depot construction in Parkway Plaza.

Also relating to the Parkway Plaza development, the expansion of the walkways along Mill Creek may find their way to a new park being discussed for the vacant space that will exist after all the major phases of plaza redevelopment have occurred. The City and Chelsea Green Space collaborated on securing the commitment from the current owners of the plaza, Kelly Realty Trust and Eastern Development, and the residential developers undertaking the 234-unit residential development abutting Gillooly Road. An acre park, connecting to the overlook of the creek and

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walkway beside it should create a wonderful vista for seniors at the Margolis Apartments and others who visit that site. Just steps away, a canoe launch is planned for the former AFCO site, soon to be the home of a two-story, mixed-use development featuring a restaurant, office and retail space. The building should provide a pleasant welcome at the entranceway to Chelsea from Revere; a substantially different appearance than had the self-storage facility once proposed for the site been approved by the City.

Another great waterfront opportunity may finally come to fruition at Admirals Hill. As part of the pending 160-unit development project, the waterfront around the marina will become enhanced and fully activated. A wider boardwalk, restroom facilities, a commissary, benches, an overlook and a small park at Island End River that could eventually lead to a public boat launch will convert the currently unappealing and underutilized end of Island End River into a recreational asset. Also being funded through the development is improvements that will take place in Mary O'Malley Park.

Younger families will benefit from the updated safety features to be installed at Bellingham Hill, O'Neil, Polonia and Highland Parks. Through a State grant with a City match, \$185,000 will be spent on installing rubberized surfaces around all of the kids play structures. That project will be completed in time for summer play. Other park improvements were completed at Voke Park this past year, including new play equipment and a rubberized surface for the tot lot.

VALUING COMMUNITY SCHOOLS

The Community Schools, just like the Senior Center, has been protected from substantial budget cuts. Weekly, more than 1,500 participants are utilizing classes and programming, ranging from basketball to computer technology. While some funding sources have dried up leaving the Community Schools with fiscal challenges, the outstanding and tremendously dedicated staff is making due and then some. Recent additions to the programs offered at the Williams Schools include: youth art studio, adult karate, Mass Premier Soccer clinics, UCA cheerleading training and coaches workshop, back to basics basketball clinic (led by the Boston University Women's Varsity Coach and players), and an offense - defense football clinic. It is true that operating the Community Schools is not a "core municipal service." However, almost to a person, there is great recognition of the substantial value Community Schools adds to individuals, in terms of education, recreation and enrichment, and to the community, in terms of offering outstanding prevention programming that support the City's Weed & Seed and overall public safety goals.

CELEBRATING CELEBRATIONS

What would community be without community celebrations? A growing list of celebrations are beginning to redefine life in the community, for the better. The Latin American Cultural Association Festival may be the biggest and best known. The annual celebration is in jeopardy, however, as its venue for many years, the Mystic Mall, will soon be under construction. The City and festival organizers are currently working to find a new site for this important community event.

Other events, too, are taking root and creating great excitement in the community. The Taste of

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Chelsea, supporting domestic violence programming and held at the Massport Garage on lower Broadway, is an event the entire community seemingly comes together to celebrate. Around the corner, the Waterfront Festival is mixing art and thrift, and producing an enjoyable Saturday for all those who attend. The Chelsea River Revel continues to grow on the Meriden Street Bridge connecting Chelsea to East Boston. The Celebrate Chelsea Day in the Downtown, organized by the City Council and Chamber of Commerce, was new this year and very well received. Countless others are also contributing.

Hopefully just a one-time event because the need never again presents itself, the Chelsea Cares Telethon for Katrina Relief this past October truly demonstrated the great sense of community that exists locally. The eight-hour event carried live on Chelsea Community Cable Television was the first such effort ever produced locally. While it was not nominated for an Emmy Award, it did bring the community together to reach out to those that were impacted by the terrible storms in the Gulf States in September. Nearly 100 volunteers and hundreds of pledges made the event a huge success. More than \$20,000 was raised for American Red Cross relief efforts.

Summary

Community development activities are ample and meeting many needs in the community. Yet, the City and community stakeholders believe that even more programming is necessary to address the remaining needs, especially those that could have an impact on youth. Ample community facilities exist to address those programming needs, so an issue in establishing a new after school program will not be where to site it. News of the accreditation of the Senior Center brings with it a satisfaction that seniors are being afforded excellent programming. The City's schools continue to outperform urban counterparts, while community based organizations, as supported by the City, enjoyed a tremendous year full of new accomplishments, including the holding of a Youth Summit engage youth themselves in helping the community shape a better tomorrow for one and all.

2006 Goals

- Assist HarborCOV in completing its 24-unit supportive housing project at the former Wells Fargo property and begin planning for the next project to continue the progress being made on HarborCOV's goal of providing 50 such units through its "Community Housing Initiative;"
- Progress on the goal of securing 15% affordability in the 1,200 new residential units being envisioned as part of the City's economic development strategy;
- Collaborate with Chelsea Neighborhood Housing Services on pre-construction activities leading to a groundbreaking for its scattered-site, 121-unit project for the Gerrish Avenue neighborhood;
- Secure an additional contribution to the City's Affordable Housing Trust Fund by facilitating the development of a 160-unit project at the base of Admirals Hill;
- Partner with CNHS on 11 or more units of affordable housing being targeted for several locations in the community;
- Complete the pre-development feasibility review of the potential of establishing a "Single Room Occupancy" development targeted to the working poor;
- Act upon one or more goals developed by the youth who attended the Youth Summit;

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- Define a collaboration and scope of programming activities around an expanded after school programming option for local schoolchildren;
- Establish a senior volunteer program for renters that is similar to the Senior Tax Work-Off Program;
- Assist Representative Eugene O’Flaherty and Senator Jarrett Barrios in their continued advocacy for a spring start to the reconstruction of the DCR Pool on Carter Street;
- Undertake a feasibility study of placing an artificial playing surface into service at Highland Park;
- Begin and complete the improvements to the Little League field, in part being financed by a contribution from Home Depot and its Parkway Plaza development partners;
- Complete the park and walkway improvements associated with the Home Depot and related development internal to Parkway Plaza, and
- Secure the start of waterfront improvements on Admirals Hill as part of the pending Admirals Hill residential construction project.

NEIGHBORHOOD ENHANCEMENT

2005 Highlights

- Advanced the efforts to address “residential/industrial” conflicts by completing the infrastructure supporting the Spencer Lofts and by undertaking planning, permitting, financing and other activities supporting the collaborative effort with Chelsea Neighborhood Housing Services to convert the Atlas Bedding factory and surrounding parcels into a residential neighborhood;
- Collaborated with the Board of Health on securing an agreement for installation to begin on odor recovery equipment at Chelsea Terminal;
- Completed additional infrastructure in several neighborhoods and work related to the Powderhorn Hill drainage project, a multi-year, multi-million dollar project to address drainage problems impacting many homeowners;
- Undertook the first-ever flushing of the City’s water lines to improve the quality of household drinking water and improve the efficiency of the overall system, and
- Conducted a zoning study and implemented zoning changes to enhance the residential character of the Spencer Avenue neighborhood.

Discussion

Enhancing the look and livability of each of the city’s neighborhoods continues to be a prime mission for City officials. From infrastructure updates to eliminating uses that have a negative impact on neighborhoods, the mission has enjoyed many successes. While those successes continue to mount and, as a result, attract much more investment into the city, problems do still exist that require the City to redouble the efforts to produce even greater revitalization. Trash, more so than infrastructure, is an issue that the entire community would like to see successfully tackled. The systematic process of removing many “residential/industrial conflicts,” those industrial uses in residential neighborhoods that inhibit the growth of that neighborhood, needs to reach further into a 21st century community that in many ways is still defined by the Industrial Revolution begun in the

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19th century. These and other matters are issues for the City to understand and target for resolution. Or, perhaps more accurately said, these and other matters are issues for the City to *continue* to understand and target for resolution, because the City does boast a strong record of achievement on neighborhood enhancement over the past decade. One of many testaments to that statement is the near complete disappearance of vacant properties in the community. Ten years ago, more than 30 such properties totaling more than 100 units existed.

It is suggested throughout this report that progress is being made on multiple agendas. Arguably, a credible tool to measure the results of progress is in the willingness of individuals to buy homes in or otherwise relocate to a community. If municipal services are maintained even during tough financial times, public safety concerns allayed even though some pockets of problems still exist, if economic development does not negatively impact the character of the community, if residents feel a community has a lot to offer even though some of the community's residents still find a mismatch in need, and if government can be open and honest while still shedding the bad images of yesteryear, then people will want to move to a community on the rise even if there is work to be done to make their neighborhoods even more attractive a place to live. That is because there is a sense that accomplishments have been enjoyed and continued progress will be made.

Progress does not happen overnight, especially when it comes to neighborhood enhancements. Infrastructure work, from planning to completing, can take two or more years and sometimes millions of dollars to produce success. Resolving the negative impacts that a business or even a residence has on its neighborhood can take even longer no matter how much money might be available to address the issues. Some will even suggest that changing the habits of those who dirty the City streets will take a generation. No, not everything happens overnight. The incremental benefits to a progressive neighborhood enhancement agenda, though, can best be seen over longer periods of time. The Skeleton Building down and the property converted to neighborhood appropriate housing; the Highland Slope abated with a stairway system and landscaping in its place; the illegal trash transfer operation on Crescent Avenue converted into a handsome new home for On-Time Mailing; the repair shop on Hawthorn Street with broken-down vehicles parked all over the neighborhood gone in favor of a well appointed Cataldo Ambulance station, and more than a dozen houses in disrepair throughout the community, like the property at 33 Franklin Street, converted into contributing community residences are among the many signs of progress the City has produced. Those and other achievements have been warmly received by current and potentially new residents alike.

As noted, reminders abound that more needs to be done, most recently in the form of community opposition to the continuing operation of Boston Hides and Furs and its impact on the neighborhood behind it. City officials have as a primary responsibility the need to do everything possible to address every community issue that exists. Again, some take longer than others and the longer ones are typically more complicated to address fully. However, the City is continuing to assess, investigate and act on many neighborhood enhancement needs, with the hopes of building on past successes and producing even greater gains in the look and livability of local neighborhoods well into the future.

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IDENTIFYING AND ADDRESSING PROBLEM PROPERTIES

Converting problem properties into neighborhood success stories is a key to the City's neighborhood enhancement strategy. Some problem properties fit into the category of "residential/industrial conflicts," while others relate to residential dwellings whose physical condition or disruptive occupancy create a problem in a neighborhood. Either or, the City is committed to aggressively addressing problem properties, but in a thoughtful manner which is most likely to present a winning solution.

PROBLEM PROPERTIES – RESOLVING RESIDENTIAL/INDUSTRIAL CONFLICTS

Evidence of the success of the City's efforts to abate residential/industrial conflicts is numerous. The Spencer Lofts may provide the best example of that success, and also is reflective of the multiple benefits that can be generated by addressing residential/industrial conflicts. The 100-unit loft project is housed in the former Emerson Textile factory on Spencer Avenue. Instead of encouraging the building to remaining in use as a marginal industrial facility, and spewing many of the negatives associated with such a use on the surrounding neighborhood, such as heavy trucking, noise and odors, the City targeted the property for residential conversion more than five years before it was actually sold to a residential developer. The conversion was so successful that several other industrial or institutional properties in the neighborhood, including One Webster Avenue, the Mary C. Burke Schoolhouse and the National Guard Armory, are all on track for residential conversions in 2006. If all projects happen and combined with the Spencer Lofts project, the Spencer Avenue neighborhood will take on an entirely new and, City planners believe, positive feel.

Regarding new feels for old neighborhoods, a very similar project to the Spencer Lofts is promising an even greater transformation to a neighborhood plagued by many industrial intrusions. Similar to the Spencer Lofts, the City became active in recommending the conversion of the former Atlas Bedding factory on Gerrish Avenue into residential use more than five years ago. For decades, many have debated whether the Gerrish Avenue neighborhood should become more residential, or maybe even more commercial. In fact, one theory was to connect the heavily truck traveled Griffin Way to Library Street to allow for even more trucks to flow into the Gerrish neighborhood. Instead, the City reflected upon the horrendous impact such a plan would have caused those living in the neighborhood and moved to actively remove the industrial presences in favor of strengthening the residential aspects of the neighborhood.

The result was the 2005 approval of plans by Chelsea Neighborhood Housing Services and its market-rate development partner, Mitchell Properties, to begin the transformation of Gerrish Avenue and Library Street. A total of 121 units have been approved for the neighborhood, replacing the former Janus metal welding building and the former Atlas factory with a mix of ownership and rental units. 65 of the units will be affordable housing, including 24 that offer affordable homeownership.

Further supporting the emerging neighborhood, the City undertook a major planning initiative that has resulted in a submission for a State grant for \$2.5 million for roadway and sidewalk

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improvements in the area. Discussions are underway to address the conversion of other industrial properties into residential-friendly development.

The CNHS/Mitchell developments should begin this spring. Resolving the residential/industrial conflicts that have held the neighborhood back for years should elevate the look and livability of the neighborhood for generations more to come.

The City's support of the residential development at Parkway Plaza is another residential/industrial conflict initiative. In that particular case, the building design is meant to provide a buffer to prevent an encroachment of commercial activities from creating a disturbance in the Gillooly Road neighborhood.

PROBLEM PROPERTIES – NOXIOUS BUSINESSES

Addressing residential/industrial conflicts does not always result in the industrial use going away. Sometimes, abating the operations of problem properties is enough to support a better quality of life in a neighborhood.

Such is the hope for one such project. A City delegation recently visited the Chelsea Terminal at the end of Broadway to review the ongoing work to eliminate oil-related odors in the Waterfront neighborhood. What was seen was the culmination of more than two years of work involving multiple City officials, spearheaded by the Board of Health, and a company committed to being a good neighbor. The state-of-the-art odor recovery equipment being installed to enhance the odor suppression work that has already been performed at Chelsea Terminal should go a long way to improving the air neighborhood residents smell on lower Broadway.

The critical, quality of life undertaking that was successfully negotiated for the neighborhood will result in the removal from the air of H₂S, or Hydrogen Sulfide, the compound that produces the smell associated with #6 fuel. #6 is used primarily for commercial and industrial energy needs, ranging from motor operations to facility heating. While both #6 and #2, which is residential home heating oil, are stored and distributed at Chelsea Terminal, #6 has been identified as the major culprit in the oil smells that can sometimes come from the facility on the Chelsea waterfront. The system that will be up and operational by the end of the winter will provide near 100% capture and cleansing of vapors from the oil storage tanks and truck loading operations. To accomplish the odor abatement, the system captures the vapors through a tank vent hood specifically designed for the tanks and a flexible hose system at the truck loading stations. Once captured the vapors are transported through a ductwork system to the odor abatement equipment. There, a mist elimination system followed by a deep bed dry scrubbing system brings the air to an acceptable level for dispersion. An exhaust fan accomplishes that through stacks designed specifically for the process. Those stacks have the capability of having the air quality tested to insure maximum success. The system is in place in upstate New York and Canada and is purported to be very effective at controlling odors.

In addition to pledging more than \$500,000 to pay for the equipment being installed, Chelsea Terminal's parent company, Global Oil, also helped finance a study of other potential odor

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contributors in and around the neighborhood. That study has led the community to increase its pressure on another potential contributor to foul odors and poor general operations, the Boston Hides and Furs facility on Marginal Street. At a packed Board of Health meeting earlier this month, company officials heard resident claims about odors having a terrible impact on their living environment. The company has offered to come up with a plan to address the concerns raised. In the meantime, the Board of Health is considering what options it might take; an effort to which the City is contributing.

The City is also examining the impacts that other businesses have in their residential neighborhoods for possible abatement initiatives. For example, in the study associated with Chelsea Terminal, odor sources were identified both locally and in neighboring communities. The City is working off of that study to determine what possible steps can and should be taken.

PROBLEM PROPERTIES - HOUSING

In terms of additional problem properties, the City's Planning & Development, Law, Inspectional Services and Police Departments are acting both independently and cooperatively on various actions to address housing issues that negatively impact their neighborhoods. At least three properties are targeted by Planning & Development for Receivership. That program, which has been quite successful in promoting the rehabilitation and occupancy of vacant or dilapidated houses, relies upon a State law that allows for the seizure of property if the updates are not made. Inspectional Services and the Police are collaborating on "ride-arounds" to target code violations, including illegal apartments and rooming houses. ISD is also bringing pressure to cause the razing of the Tudor Garage, having been successful last year in forcing the demolition of a fire-ravaged building on Spruce Street. The Police Department has compiled a list of its 10 most troublesome properties, and is undertaking intensive policing activities to address any criminal activity at those addresses, in part to make their respective neighborhoods more orderly and safe.

In addition to attacking specific problems, the City is interested in building neighborhood support to promote neighborhood activism. One such project underway is a community building effort being undertaken with Chelsea Neighborhood Housing Services to bring neighbors together around dinners in their homes to get to better know each other and attack neighborhood problems together.

INFRASTRUCTURE IMPROVEMENTS PROMOTING NEIGHBORHOODS

Critical to the future of local neighborhoods is infrastructure improvements. The City's Capital Improvement Program has been responsible for tens of millions of dollars worth of investment over the past decade, including substantial improvements to utilities, streets and sidewalks. Millions more have been spent on parks, and all have supported a better looking and more livable environment for neighborhood residents.

Roadway and utility improvements in 2005 took place in several neighborhoods, including around the Spencer Lofts and the new residential development at 960 Broadway. Additional drainage work was completed as part of the multi-year, multi-phase Powderhorn Hill Project. In 2006, more work

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on Crescent Avenue will be done to extend the success and effectiveness of the Powderhorn Hill Project on individual homes from Crescent Avenue all the way up to Summit Avenue. Another initiative begun in 2005 and to be completed in 2006 was the first ever flushing of the City's water distribution system, which promotes better water quality and a more efficient utility system.

In 2006, more infrastructure improvements will be directed to local neighborhoods, including: surface enhancements to portions of Clark Avenue, Crescent Avenue, Spruce Street and Stockton Street. Significant work is likely to get underway in the Gerrish Avenue neighborhood. Construction of a new drainage outfall near the intersection of Highland Street and Marginal Street is aimed at preventing the flooding that has plagued that area for decades. That project is also the first step in a comprehensive sewer separation project that will address a major priority of the City and the Massachusetts Water Resources Authority. An agreement signed by the parties at the end of 2005 leaves the maintenance of the roadway system on Admirals Hill to the hill condo associations. However, the City has just taken over the operation of the hill's pumping station and begun necessary upgrades to ensure the use and effectiveness of that utility system.

ATTACKING TRASH

As the Keep Chelsea Beautiful affiliation continues with Keep America Beautiful, even more emphasis will be placed on trash and graffiti matters in 2006. While several points in the City's "Cleaner Chelsea Initiative" were acted upon in 2005, much of the program stalled for a variety of reasons. The City and its community partners, including active participation from members of the City Council, anticipate attacking trash and graffiti issues in earnest in 2006.

Graffiti abatement is ongoing and working well in most areas. The Inspectional Services Department is preparing for a major push in March to have all properties fully abated by April. The relatively mild mid-January weather has helped some already accomplish that, but some problem properties continue to lag behind. While recognizing that those that have their properties "tagged" are actually victims, the City must have the cooperation of property owners to abate graffiti as soon as possible to discourage taggers and keep the city graffiti clean.

To augment that effort, and to also attack illegal dumping, two City agencies are working collaboratively on an initiative to utilize existing City cameras and those that could be on loan from the State. The Police Department and DPW have formed a working group to "zoom-in" on illegal dumping and graffiti. The roll-out of an initiative is likely this spring.

A greater emphasis needs to be placed on trash in the streets. That is not to say that the DPW is somehow not doing its job. In fact, just the opposite is true as DPW workers are effective cleaning with MadVacs and push brooms. The mild winter weather in January has also allowed contracted street sweepers to offer even more assistance in cleaning streets. Yet, sometimes in minutes after sweeping is completed, the streets are dirty again. So, the issue cannot be a DPW one alone.

Community meetings have just begun to re-examine the trash issue and perhaps recommend and implement action steps. A major consideration for those who are assembled is the negative impact

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the current process of disposing of household trash is having on litter in the community. The City believes improper disposal of trash in containers not appropriate for such a use results in far too much trash being left on sidewalks and allowed to blow through the community. The City is prepared to hire a trash enforcement officer in 2006, but wishes to review and potentially update local ordinances ahead of such a hire to make sure that the trash enforcement officer can be even more effective in helping to keep the City's neighborhoods cleaner.

Meanwhile, spring and fall cleanups sponsored by Keep Chelsea Beautiful are well attended and producing desired results. In fact, the search for lots requiring heavy cleanup is more difficult, and the areas requiring major graffiti abatement are scarcer.

ZONING TO PROTECT AND ENHANCE NEIGHBORHOODS

A zoning initiative in 2005 led to the creation of three new zoning districts to advance one important goal: ensuring that the various residential projects being proposed for the Spencer Avenue neighborhood would enhance and not detract from the livability of the neighborhood. Several community meetings and a focus by the City resulted in amendments to the current zoning ordinance to lessen the intensity of industrial uses, better regulate commercial uses and ensure that more dense residential uses would contribute positively to the neighborhood. Recommendations garnered at a community meeting were incorporated into an amendment and then shared again with residents. The process appeared to have worked well, and, to date, the zoning changes have promoted the end goal of the initial effort; again, to support living in the neighborhood.

Summary

The City's top priority on its neighborhood enhancement agenda is to address problem properties. In cases where a residential/industrial conflict exist, some dating back to the Industrial Revolution, the City determines which of the uses should be prevalent and then sets out to reduce or eliminate the other use. That strategy has been successfully used time and again to produce several dramatic improvements in local neighborhoods. This upcoming year, construction will take place to rebuild what amounts to two new neighborhoods, one on Gerrish Avenue and the other on Sixth Street. Addressing problem properties also means addressing noxious businesses. Work should be completed soon on a new odor recovery system on the Chelsea Terminal tanks on lower Broadway. Board of Health activities will focus on the Boston Hides and Furs property this upcoming year. In the meantime, the City will continue to focus on illegal rooming houses, updating infrastructure and addressing trash issues. There is significant investment in local neighborhoods, so work, to-date, must be welcomed by many older residents and inviting to newcomers. That progress will be the starting point for another round of neighborhood enhancement efforts to begin.

2006 Goals

- Promote the further livability of the Spencer Avenue neighborhood by advancing industrial/institutional conversions to residential uses at One Webster Avenue, the Mary C. Burke Schoolhouse and the National Guard Armory;

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- Facilitate the residential construction start-ups on Gerrish Avenue, thereby ensuring the transformation of that neighborhood to one substantially dominated by and supportive of residential living;
- Secure the completion of installation of odor recovery equipment at Chelsea Terminal;
- Collaborate with the Board of Health and the community on addressing odor issues at the Boston Hides and Furs facility on Marginal Street;
- Address vacancy or dilapidation issues at three properties identified by the City as negatively impacting their respective neighborhoods;
- Undertake infrastructure improvements in several local neighborhoods;
- Conduct a graffiti compliance initiative for a cleaner community in April, and
- Collaborate with community members on a trash initiative to better maintain the cleanliness of city streets.

GOVERNMENTAL PHILOSOPHY

2005 Highlights

- Completed a board and commission manual that, among other standardization of items, provides for public speaking at each meeting;
- Begun local discussions through a municipal benchmarking process to encourage local residents to better understand and be able to contribute to the City's philosophy on revenues and expenditures;
- Pursued e-government initiatives, including allowing customers to make web payments for real estate, personal property, water/sewer/trash, parking and motor vehicle excise tax bills.;
- Conducted monthly district meetings with members of the City Council to engage citizens in discussions about their neighborhoods and community;
- Participated in community meetings about public safety and the status of youth;
- Called for and participated in a Youth Summit, and
- Established weekly communication with members of the City Council to keep all leaders of City government informed about and engaged in important community issues.

Discussion

The basic tenet of City government is the drive to be open and honest. While there are some that question whether openness and honesty are occurring, the large majority of observers would suggest that the City has set and is reaching a high standard for its own operation. Can improvements be made? Absolutely. But for anyone looking to judge progress, there can only be one rational outcome of the comparison to City Hall, pre-Receiver'ship to a decade after Receiver'ship. That outcome, the City would suggest, would be that the City has indeed traveled so far down the path of progress that the failures of yesteryear are well beyond the sight of even the strongest of telescopes.

In fact, there is no room in today's City philosophies to allow for a return to a period when politics, in its worst incarnation, ruled the day. While it is unreasonable to expect that every decision made at City Hall enjoys the universal support of the City's stakeholders, it is reasonable to expect that every

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decision made is done so to promote the public's interest. Hiring is done out of the departments, not the corner office. Contracts are put out to bid, even when State law does not require them to be. Negotiations are conducted based upon the City's budgetary capacity, not the schedule of the next election. Sidewalks are repaired based upon need, not favoritism. The result has been and should continue to be an enhancing of confidence in the integrity of municipal government. Once that has been achieved, then all it takes is the assemblage of a talented staff to produce a truly responsive government. From line workers to department managers, such a staff is in place and producing impressive results for the City's residents and businesses.

TRANSLATING COMMUNITY DISCUSSION

So, back to the need for improvements. Both the City and members of the City Council, on behalf of many local residents, are disappointed with the response of City government when posed a challenge to help local residents engage in the debate about a critical neighborhood issue. At this month's Board of Health meeting, members of a heavily Latino neighborhood banded together to present their concerns about what they claim is a noxious business operation on Marginal Street. The City was unable to provide translation to and from them. Yet, if the City genuinely wants to engage its citizenry, a process must be in place to do so.

It may be impossible and, quite frankly, unnecessary to have translators available at every meeting of City government. For example, that very night of the Board of Health meeting where the Council Chambers was packed with interested residents, the Economic Development Board met on the very same floor and had no residents attending its meeting. Thus, a translator at that meeting was not necessary. However, the City was notified several days before that Spanish speaking residents wished to participate in the dialogue about their neighborhood. Instead of that notice kicking in a process that would result in translation services being made available, both the City and, more so, those representing residents scrambled to find translators. While it is terrific that volunteers step up to help others, there has to be a better way to address the language barrier.

The City has formed an internal task force to examine the issue and make recommendations for action. When a labor matter requires an arbiter, a process is engaged that results in a professional arbiter showing up, not a volunteer from amongst the parties. The same should happen when a translator is required. Again, it may not be possible to provide for a translator at every meeting. However, at a minimum, if a group of residents or their representatives contact the City within so many days of a meeting to indicate that an important issue meriting their input is being debated but that limited English skills exist among the group, then a process should be engaged and a translator should be at that meeting.

THE AGENDA FOR BOARDS AND COMMISSIONS

Regarding participation in board and commission meetings, the City has sought to make those important meetings more understandable and accessible for residents. This past year, a uniformed manual for the operations of boards and commissions was assembled and approved. Among the recommendations in the manual is that a public speaking section at every meeting be held to allow

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the public to comment on any matter within the panel's domain. As obvious as such a charge should be, several boards and commissions did not allow for public commentary because their rules did not provide for a public session. All meetings are open to the public, however if the public is not given some opportunity to comment during those meetings, the exercise is devalued. Local boards and commissions are now more accessible than ever.

On the matter of boards and commissions, it is important to note that a regular advertisement of board openings and an appointment process is made so that interested residents may apply to become a member of a panel. Now, simply applying does not assure one of selection, as the City reserves the right and, in fact, should exercise some level of discretion in who gets appointed to represent the interest of the City and local stakeholders. However, the exercise of the public notice has given many who otherwise have no contact with City government the opportunity to help shape the future of their community. That, is a very good occurrence.

Lastly, regarding boards and commissions, the City continues to marvel at the work of these volunteer panels and further benefits from their tremendous insight and dedication. Several boards regularly meet on more than one night a month, with perhaps the Zoning Board of Appeals near marathon sessions demonstrating the commitment residents have to participate in the process. As appreciative as the City is for these contributions, those board and commission members also push their City staffers to greater heights and inspire all of City Hall.

MUNICIPAL BENCHMARKING

The City plans to count on community contributions even further on its municipal benchmarking exercise. Again, municipal benchmarking allows the City to compare revenues and expenditures against similar revenues and expenditures of a group of like communities. An open and honest government seeks such review, even if that review has the potential of shedding unfavorable commentary on the most microscopic of municipal management details.

A talented and independent group of community stakeholders is being asked to come together to help the City review itself against its peers. The City hopes and expects that the exercise will result in a greater public understanding of the general management of their municipal government and a continuing dialogue, supported by facts, about the community's overall future.

ACCESSING THE INTERNET

Continuing on the subject of public access, the City is interested in forming a technology working group to review three important charges. First, the group will be asked to continuously review and make changes to the City's website. Increasing the internet is becoming the preferred communications mode for many residents. Making sure the City's website is informative, engaging and up-to-date will be a goal of the group. Just as the City's website provides opportunities for residents to understand more about the community, dozens of community-based organizations could provide residents with the same access. A second goal of the group, therefore, would be to engage those organizations in website design and management reviews to provide an opportunity for those

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critical community agents to get more of their information out to the public. Lastly, having information on the internet is only good if people can access it. The group will be asked to examine the issues of a technological divide that may have far too many residents unable to take advantage of the internet and all it has to offer. Shortcomings could be in training or in equipment, or both. The group would make recommendations as to how to make the entire community more internet-savvy.

The City is pursuing other e-government initiatives. This past year, the City implemented on-line payment application, thereby allowing customers to make web payments for real estate, personal property, water/sewer/trash, parking and motor vehicle excise tax bills. For 2006, City officials are researching an auto debit feature to allow customers to pay those bills automatically from a checking or savings account.

COMMUNITY MEETINGS PROMOTE CONVERSATION

To give more residents the opportunity to meet and discuss issues of local interest, the City and City Council held a series of monthly district meetings this past year. Gatherings from a dozen to scores of residents came together to talk about neighborhood concerns and community visions. The forums promoted civic participation and helped the City be even more responsive to individual and neighborhood concerns.

Another series of meetings were also held by the City and community based organizations around public safety issues. The City is especially appreciative of the contributions of community based organizations to the overall community commitment to address public safety and youth issues. Similarly, both the City and its community partners are grateful that so many residents have stepped up to voice their opinions and act on their recommendations. A fitting example is the case of a father at the Mace Apartments who offered to run a summer basketball program for the kids in the neighborhood. That selfless act, if replicated 100 times over, could and would make the community a better place and the lives of our kids more fulfilling. That connection and others were promoted at these community meetings, and again show the value of the entire community, including the City, coming together to talk about problems and planned for solutions.

A significant and hopefully annually recurring gathering took place this past summer. The Chelsea Summer Youth Employment Program's Youth Summit engaged 350 youth and provided many youth advocates the opportunity to speak and listen to the youth of the community. Recommendations of the youth in attendance are being reviewed by City leaders now for possible implementation in 2006. Certainly an important achievement would be to continue the dialogue and have youth become peer leaders providing guidance to each other.

A worthy notation of an upcoming meeting is the City Council's Public Safety Summit, tentatively scheduled to be held in April. That effort being directed by the Council President will bring community leaders and residents together to continue the dialogue around public safety and to give local residents the opportunity to learn more about local organizations and how to get themselves and their children involved.

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HELPING CHELSEA PARTICIPATE

Efforts to support hurricane disaster efforts threw-off the timing of several fall programs. Such a schedule interruption was well deserved and worth it. In particular, the Chelsea Cares Telethon for Katrina Relief was one of the more rewarding community initiatives that has taken place since the city sought and was awarded All-America City status in 1998. The All-Chelsea Awards was pushed off into the middle of December, the fall Keep America Beautiful cleanup was held but downsized, and Chelsea Participates was postponed all together. The latter will be rescheduled for July through September to provide residents, especially new residents, with the opportunity to learn more about City government and community organizations, and provide those participants with an overview of how to get involved. Several City board and commission members and at least one elected official, for example, are graduates of the Chelsea Participates program.

COUNCIL/ADMINISTRATION COMMUNICATIONS

While the City continues to reach out to all others, regular, informative and in-depth communications among the City Council and the City Administration is a critical first step to the City then being able to address all others. The Council and Administration have, perhaps, more interaction than any similar set of community leaders in the state through frequent individual meetings, recurrent emails and a weekly update of the major and minor happenings on the Administration's work plan. The regular interaction promotes trust and understanding and allows the entire City leadership team to be working off the same information sets as individual leaders go off to effect public policy and the daily delivery of municipal service.

RECOGNIZING STAFF CONTRIBUTIONS

Holding City Hall together and helping City leaders address issues and realize opportunities are a tremendous group of employees who collectively are the best and most productive anywhere. Budget cuts continue to result in reduced staffing levels, yet few, if any, programs or services have been eliminated as City workers have combined to stretch their focus over more and more. The City remains appreciative of such dedication, and is happy to join with staff in recognizing particular employee accomplishment with an employee recognition award. The Employee Recognition Committee has recommended that the award be given quarterly, instead of monthly. The winners of the monthly and now quarterly employee award in 2005 were:

January, **Robert Collins**, Chelsea Public Library
February, **Les Whalen**, Department of Public Works
March, **John Hyland**, Information Technology Department
April, **Mirna Penate-Gomez**, Central Billing Department
May, **Maureen Dunn**, Police Department
June, **Lucy Zbikowski**, Treasury Department
Third Quarter, **Dolores Mason**, Purchasing Department
Fourth Quarter, **Cheryl Watson**, Law Department

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The City again congratulates the winners for their outstanding contributions to public service and thanks all employees for the commitment they continue to make to a great work in progress.

Summary

Although almost eight years from the award, the City still acts in a manner consistent with the best principles of the “All-America City” Award. Openness and inclusion welcome all to review and participate in the municipal work to advance the city forward. Grassroots activism is encouraged as leaders from the City and the business, community based organization and resident communities work together to bond strong partnerships through which much is being achieved. Communications continue to be prioritized to promote a better understanding and forestall any misunderstandings. Meanwhile, the City continues to look inward and attempts to make honest assessments of organizational and programming abilities to meet the challenges that lie ahead. Trust and collaboration can best define progress on the municipal agenda. What is clear is that a significant part of the community believes that local strength is rooted in stakeholder cooperation. From there, the community is demonstrating that anything is possible.

2006 Goals

- Devise and implement an on-call translation service to connect Spanish speaking residents to important board and commission meetings;
- Promote stakeholder review and dialogue regarding local revenues and expenditures by engaging qualified and talented individuals in a municipal benchmarking exercise;
- Form a technology working group to review and act upon addressing the City’s website, community based organization websites and the community’s technological divide;
- Pursue additional e-government advances, including an auto-debit option to allow customers to automatically pay for tax and other municipal bills;
- Act upon recommendations gained from the Youth Summit;
- Support the City Council’s call for a Public Safety Summit to continue local dialogue on public safety and youth issues, and
- Conduct a citizen participation seminar this summer through the Chelsea Participates program.

ADDENDUM

Progress has been a report to the stakeholders of Chelsea that has attempted to shed light once again on the road that has already been traveled and provide a preview for the journey that lies ahead. This report has attempted to educate readers, and perhaps serve as a reminder of all that has been accomplished to those whose memory may fail or, more likely, those who have experienced all that has been achieved but have not had the ability to view the City’s accomplishments in their entirety. *Progress* also serves as a vision statement, and allows the observers of City government to judge if the course the City has chartered is a course that can and should lead to the achievement of those goals that are collectively held for the community.

Again, *Progress* is not without its pitfalls. Arguably no community can lay claim to having solved it

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all. City officials acknowledge that the budget is precariously balanced, that the local development agenda can at times seem too aggressive, that there is too much crime on the streets, that the streets are too trash laden, that government can seem too distant sometimes and, most of all, that many individual and family needs are unmet as they strive for a better life. In many circumstances, acknowledging the pitfalls is an important step to overcoming them. City officials certainly do not hide from those and other shortcomings, and remain committed to continuing to work together to overcome them as best as a city can.

In fact, as good as the City is at owning up to its shortcomings, the local approach to searching for answers and working together to produce the desired results is really what *Progress* is all about. Thus, the City's elected and appointed leaders, while eminently qualified to go it alone, seek out and foster collaboration with community partners. Many of those community partners certainly could focus on their own agendas, but instead bring valuable energy and insight to the partnership they forge with the City. Residents, not as many as the City would like but seemingly increasing in numbers regularly, have joined their City and fellow stakeholders in the crusade for a better community. Petty bickering is largely absent in public dialogue about the future of the community. Save for a handful of naysayers, the community actually seems to focus its energies on identifying and remedying, instead of blaming and conspiring.

There are incredible achievements happening in the community being produced by government officials on many levels and a group of community based organizations with whom any municipality should be pleased to partner. Many have been mentioned in the preceding pages or have been paid tribute to in other venues. In short, they are all combining to make *Progress* a story worthy of national recognition.

In general, the City is excited about the road that lies ahead. Sure, for many, the final destination cannot come fast enough. Not many enjoy the trip, as it can be long, tedious, uncomfortable and unsettling. Yet, without the journey, no new place can be reached.

Progress has been achieved in large part because the City Council has willed it to happen. Make no mistake, there are many who from time to time carry the community's torch, and they deserve special recognition and great praise for moving the city forward. However, to the extent that City government has a crucial role in determining the direction or, conversely, inhibiting the progress of the community, it is the City Council who leads when it is necessary, but also follows when it is appropriate. That a forward-thinking Council understands and values that dual ability, an enlightened City Administration and legitimized community then becomes empowered to seek and ultimately achieve so much that the collective interest of the community can produce.

On the note of collective interest, the City wishes to thank its community partners for constantly trying to find the way together, instead of splitting off and taking their journeys in different directions. Yes, there are often bumps in the road, and, yes, human and organizational tendencies are sometimes prone to condemn and move on. However, the City's community partners offer constructive criticism, and then set out to fix the problems they perceive by focusing their energy in collaboration with the City. Of course, vice-versa is true. Thus, the entire relationship reflects the

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earned and cherished trust that, as much as possible, many individual agendas are collectively pointing to a singular outcome. That outcome is producing great progress for the city and all its residents.

As this report reflects, *Progress* has been more than ten years in the making, with many more years to come. The City, both the Council and Administration, directed by stable management and armed with a unified agenda, remains committed to putting community, first and foremost, above all else. Together with its many distinguished partners, the City looks forward, as Churchill would suggest, to making progress every day by making every step a fruitful one. There is an ever-lengthening, ever-ascending and, yes, ever-improving path for the City and its stakeholders to continue to travel. While the end of the journey may never come, the joy and glory of achieving much has overridden the discouragement that still more needs to be done.

Progress did have a beginning. If one was to believe that Churchill was right and that a community can, at best, continue to strive forward, the City remains committed to never ending *Progress* ...